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Police Seize Cult Guru and 14 Aides in Gas Deaths

Tokyo Governor's Office Is Hit by Bomb Attack After Key Detentions

By Nicholas D. Kristof
New York Times Service

TOKYO — Japanese police arrested top members of the Aum Shinrikyo religious cult Tuesday, but the explosion of a parcel bomb Tuesday night in the offices of Tokyo's top official underscored that the terrorism may not be over.

The bomb blew off the hand of a city official. No one claimed responsibility, and it was unclear if it was linked to the crackdown on the cult.

Because of the fears that Aum members may stage retaliatory strikes, the army's chemical warfare units and 80,000 police officers were put on alert Tuesday around Japan. Security was especially tight in train stations and other public places.

The police arrested 15 of the 41 Aum members for whom arrest warrants were issued Monday night in connection with the nerve gas attack on the Tokyo subway system in March. Twelve were already in custody, so 14 remained at large.

Prime Minister Tomiichi Murayama, speaking in a nationwide address, warned that some Aum members may still possess sarin nerve gas.

"We will make the utmost efforts to prevent a recurrence of sarin attacks, mainly through thorough police work," Mr. Murayama said.

The sect's guru, Shoko Asahara, who is suspected of masterminding the nerve gas attack on the Tokyo subway system, was arrested for murder after he was discovered meditating in a secret chamber in the cult's headquarters, near Mount Fuji.

The police had to use crowbars to break into the hiding place, which was one meter (three feet) high and roughly as big as a very large coffin.

Mr. Asahara and his disciples now may face the death penalty, by hanging. Multiple murders are often charged in Japan.

Japanese television, drawing from a police briefing that foreign journalists were not allowed to attend, said that in his first interrogation Mr. Asahara had denied any involvement in the subway attack.

"How could I, as a blind man, have possibly done such a thing?" Mr. Asahara was quoted as saying. Mr. Asahara has very poor vision, although he can see enough to walk around.

Although Aum has repeatedly said that Mr. Asahara is gravely sick, he was able to walk without difficulty to the van that brought him to Tokyo.

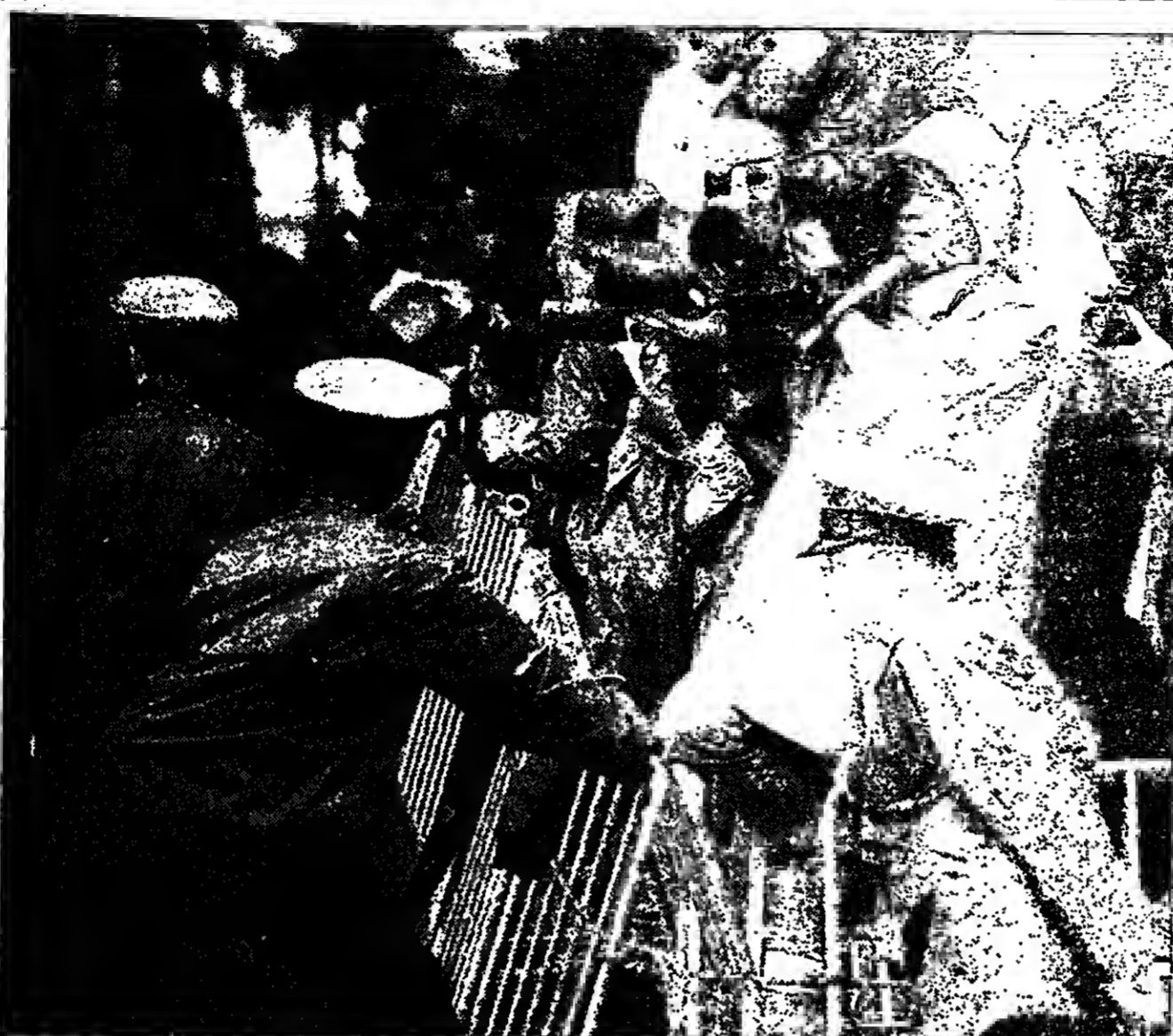
The public responded to the arrest with widespread elation. People snapped up free extra editions of newspapers that were distributed in subway stations, and crowds turned out to watch along the highway as a convoy of police cars with lights flashing delivered Mr. Asahara to the Tokyo police headquarters.

The police have been concerned all along that the arrest of Mr. Asahara would trigger retaliatory terrorism. A senior police official said he doubted that the sect now had sarin, but other government officials said that it might.

One reason for the police's view may be statements made under interrogation by Aum's top chemist, Masami Tsuchiya. The Asahi Shimbun, a Japanese daily, reported that Mr. Tsuchiya said that the sect had disposed of its sarin stockpile as a way of destroying evidence.

Another newspaper, the Yomiuri Shimbun, said that Mr. Tsuchiya had told the police that in any case the sarin that he had made deteriorated quickly. Normally pure sarin keeps for many years if stored in an airtight container, but there are some in

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Police manning the barricades Tuesday as photographers scrambled to capture the arrival of Shoko Asahara, the leader of the Aum Shinrikyo sect, at the headquarters of the Tokyo Metropolitan Police after his arrest on murder charges.

Father of China's Bomb Dares Speak Up

By Patrick E. Tyler
New York Times Service

BEIJING — One of China's leading nuclear physicists, a designer of the country's first atomic bomb, has joined 44 other scientists and intellectuals in calling on China's leaders to lift the "counterrevolutionary" verdict from those who took part in the 1989 pro-democracy movement at Tiananmen Square.

Wang Ganchang, 88, led the elite group of Chinese physicists who developed and tested the explosive assembly and triggering system for the fission bomb that was exploded on Oct. 14, 1964. Since then, he has continued to play an influential role in

China's scientific institutions and as a senior adviser to the government.

Mr. Wang added his name to those calling on the Communist Party to "release all those who have been imprisoned because of their thoughts, religious beliefs, or acts of speech, and boldly end the ignominious tradition of literary inquisitions that has persisted in our country since ancient times."

The petition was signed by the largest and most prominent group of Chinese intellectuals since the 1989 pro-democracy protests, when open political dissent led to the climactic confrontation in which troops fired on unarmed students, workers and bystanders the night of June 3-4, killing hundreds.

In a letter addressed to President Jiang Zemin and Qiao Shi, chairman of the National People's Congress, the intellectuals called on the government to treat all "political thought and religious belief with the spirit of tolerance and never again regard individuals of independent thought and independent views as 'hostile elements' and submit them to repressive attacks, surveillance, house arrest, and even detention."

A cover letter identifies Xu Liangying, 75, as the drafter. Mr. Xu is a translator of Albert Einstein's collected works into Chinese. He said the draft of his appeal "received the support" of many of his colleagues at the Chinese Academy of

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Barrages Kill 6 in Sarajevo In Worst Battle in 2 Years

By Christopher S. Wren
New York Times Service

ZAGREB, Croatia — The heaviest fighting in more than two years rocked the besieged Bosnian capital, Sarajevo, on Tuesday after government forces used mortar fire to pound Serbian military barracks in the suburb of Lukavica.

A barrage of four shells at about 8:30 A.M. triggered gun exchanges of mortar and machine-gun fire between Bosnian Serbian fighters and the Bosnian Army that continued into the afternoon, sending pedestrians running for their lives.

Six people were killed and more than two dozen wounded. A 12-year-old girl was among the dead, and her 17-year-old brother was wounded, officials said. The Bosnian Serbs also reported civilian casualties on their side, but did not say how many.

By Tuesday evening the fighting, which UN officials described as the worst since 1993, had quieted down. But explosions and sniper fire continued into the night,

leaving the city of 380,000 residents looking deserted.

"There's nobody in the streets," Alexander Ivanko, a UN spokesman, said Tuesday evening.

UN officials were talking to both sides. Mr. Ivanko said, and had secured a pledge that the combatants would only shoot when fired upon. But he said there were still periodic explosions.

"The last was one minute ago," Mr. Ivanko reported over the telephone.

The new eruption of violence comes at a time when the UN secretary-general, Boutros Boutros Ghali, is reassessing the organization's future in the former Yugoslavia.

The secretary-general's special representative, Yasushi Akashi, said in Zagreb that the new fighting in Sarajevo "sets back the clock in the search for a peaceful settlement in Bosnia and Herzegovina."

He recalled that he had appealed for restraint when a four-month cease-fire expired on May 1. "There is no evidence of that restraint today, as fighting rages

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The Targeted Cars

Cars subject to punitive tariffs. Number sold in the U.S. in 1994, and forecast sales for 1995, in thousands.

Model	1994	1995	Price*
Honda			
Acura Legend	35.7	33.0	\$38,000
Acura 3.2 TL	new	12.0	30,000
Toyota			
Lexus LS 400	22.4	19.8	51,200
Lexus SC 400	7.4	5.6	48,400
Lexus SC 300	4.5	3.5	41,800
Lexus GS 300	13.9	10.4	42,700
Lexus ES 300	39.1	33.7	31,500
Nissan			
Infiniti Q 45	11.4	9.8	52,400
Infiniti J 30	22.8	21.4	38,500
Infiniti I 30	new	24.0	30,000
Mazda			
929	9.2	5.2	35,800
Millen	24.4	29.3	29,000
Mitsubishi			
Diamond	18.1	15.1	32,000

*Manufacturer's suggested retail price before the new tariffs.

Source: DRIVENet

100% Tariff Aimed At Japanese Autos

Punitive Sanctions Could Wipe Out U.S. Market for 13 Luxury Models

By David E. Sanger
New York Times Service

WASHINGTON — Following through on its threat to impose harsh sanctions on Japan, the Clinton administration placed a 100-percent tariff Tuesday on 13 luxury car models that accounted for \$5.9 billion in sales in the United States last year, including the flagship products made by Toyota, Nissan and Honda.

The tariff, the largest ever imposed by the United States against any trading partner, is scheduled to go into effect at 12:01 A.M. Saturday morning, when customs inspectors will be instructed to double the wholesale price of every Toyota Lexus, Nissan Infiniti and a range of other cars that roll off of Japanese export ships.

But administration officials said the sanction would be rescinded if Japan and the United States could reach an accord by June 28, giving the two countries six weeks to resolve a dispute that has already gone far beyond the issue of cars.

While the immediate issue is the openness of Japan's market to American cars and car parts, the argument has broadened tremendously in recent weeks and led to warnings on both sides that the alliance between the world's two largest economies could be threatened unless two very different economic systems are reconciled.

"We've put everything on this one," one of Mr. Clinton's top trade officials said Tuesday. "We came to the conclusion that either we draw the line here, or throw in the towel on Japan."

Japanese officials said Tuesday that the American sanctions violated international trade laws. They said that, within days, they would bring an action against the United States at the new and still-fragile World Trade Organization in Geneva.

"The U.S. government conducts its trade policy in a coercive manner completely beyond our comprehension," said Masaharu Tanaka, an executive vice president at Toyota Motor Corp. In private, Japanese government officials contend that Mr. Clinton is simply playing presidential politics, trying to shore up support among labor unions and middle-class voters who see their jobs threatened by Japan's long reach in the American market.

But American officials said that, for the first time, they have found a way to hit Japan where and when it hurts most.

It was unclear how long Japanese auto-

makers could endure the huge loss of profits that would come from being effectively shut out of the U.S. luxury car market. If they had to add \$25,000 to \$40,000 to the price of their most profitable cars, they would essentially be giving the market away to Mercedes-Benz, BMW and Jaguar, and to some competitive American models.

"The U.S. is not going to stand by and watch its workers and its products unfairly treated," said Mickey Kantor, the U.S.

The costly and complicated trip of a U.S.-made Jeep to a Tokyo showroom. Page 13.

trade representative, who has led the drive to take a far tougher approach on Japan than any past administration. Among American workers, he said, "very, very few people will be hurt."

In fact, the list announced by Mr. Kantor Tuesday was more a political masterpiece than an economic one. All of the cars are produced in Japan with minimal use of American parts. The only American industry badly harmed by the move would be car dealers who sell them, who complained on Tuesday that they would be bankrupted by the action.

Martha M. Hamilton of the Washington Post reported:

The Japan Automobile Manufacturers Association Inc., a U.S. trade group, immediately attacked the proposed sanctions, calling the administration's actions "ill-conceived, ill-considered and illegal."

Meanwhile, the Japanese trade minister, Ryutaro Hashimoto, said the U.S. sanctions were "clearly inconsistent with the rules of the World Trade Organization." But while he called America's actions "regrettable," Mr. Hashimoto also said that Japan would move forward with some opening in its auto markets, "for the benefit of both Japanese consumers and automobile industries of the world."

The U.S. decision to propose sanctions came after more than 20 months of trade negotiations that failed to reach an accord. The Clinton administration has said that it will ask the World Trade Organization to review Japan's auto markets, although trade officials said Monday that a decision had not been made on when the request would be filed.

Mr. Kantor said that U.S. automakers "have become as competitive as any industry on Earth and should be treated fairly."

Tokyo to Appeal to WTO But Shuns a Trade War

By Steven Brull
International Herald Tribune

TOKYO — Japan said Tuesday that it would appeal to the World Trade Organization following Washington's proposal of stiff sanctions against imports of Japanese luxury cars.

Tokyo called for urgent talks at the WTO with the United States, while emphasizing that the dispute would not damage broader "multifaceted U.S.-Japan cooperation."

The announcement of the list of sanctions had been expected here, but Washington's surprise tactic of imposing them as soon as Saturday caught Japanese automakers off guard. It means that boatloads of cars en route to the United States may be hit with huge tariffs that the automakers had not expected to come into force until a month from now.

Japanese officials said the move would only strengthen their complaint to the WTO that the unilateral sanctions are a violation of international trade rules.

They emphasized, however, that they wanted to avoid mutual retaliation that could trigger a trade war and undermine broader relations with the United States.

"It is quite a shock," said the deputy trade minister, Yoshihiro Sakamoto. "We will immediately appeal to the WTO. But we will not announce whether or not we will impose any counter-sanctions at the moment."

Trade Minister Ryutaro Hashimoto said that the sanctions would "severely disrupt Japan's trade with the United States" but that broader ties with its major trading partner would not be affected.

"The different positions over auto and auto parts issues will not adversely affect our multifaceted cooperative relationship," he said.

In Brussels, the EU trade commissioner, Sir Leon Brittan, said that the U.S. tariff increase, if carried out, would break international trade rules and that the dispute should be resolved through the WTO's

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AGENDA

Ukraine Will Shut Chernobyl Plant

KIEV (AFP) — The Ukrainian government announced Tuesday that it would close the Chernobyl nuclear power station, where a reactor explosion in 1986 resulted in the world's worst civilian nuclear catastrophe.

One reactor, which was closed after a fire in 1991, will not be reopened. Two others will be closed in 1997 and 1999. Another, which exploded nine years ago, has been closed since then.

The government made the announcement at a meeting with a negotiating team from the Group of Seven, a member of the delegation said.

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Newstand Prices

Atlanta	8.00 FF	Luxembourg	80 L Fr
Bombay	11.20 FF	Morocco	13 Dh
Canton	1.400 CFA	Qatar	8.00 Riels
Chennai	8.00 FF	Senegal	11.20 FF
Colombo	8.00 FF	Sri Lanka	9.00 R
Dakar	960 CFA	Tanzania	960 CFA
Geneva	350 Fr	Turkey	225 PTAS
Hong Kong	2,600 Lfr	Uganda	1,250 Sh
London	1.120 CFA	U.S.A.	85.000
Manila	1.120 CFA	U.S. Mil. (Eur.)	\$1.10
Paris	1.120 CFA		
Seoul	1.120 CFA		
Singapore	1.120 CFA		
Taipei	1.120 CFA		
Tokyo	1.120 CFA		
Yokohama	1.120 CFA		

Dow Jones	Down 2.42	Trib Index	Down 0.65%
4436.05		121.27	
The Dollar			
New York	1.4445	Previous Close	1.4391
DM	1.5839		1.574
Pound	88.50		88.375
Yen	5.108		5.0305
FF			

Tasting Democracy, Kuwaitis Savor Next Course

By Nora Boustany
Washington Post Service

KUWAIT CITY — It was not the House of Commons or the U.S. Congress, but there was lively parliamentary debate as Kuwaiti legislators mounted a melodramatic defense of the constitution against intrusions by the country's royal rulers.

The House speaker, Ahmad Saadoun, chided the foreign minister, Sheikh Sabah al Ahmad al Jaber al Sabah, a member of the royal family, as one would an unruly

child as the legislators discussed embezzlement charges against the ruling emir's cousin, a former oil minister. Sheikh Sabah, who had aroused the speaker's fury by suggesting that the Kuwaiti people were bored by the rambling debate and the bluster in the assembly, bent his head and examined his worry beads.

Nearly five years after the Gulf War began, the street signs removed by the Kuwaiti resistance to confuse Iraq's invading forces are in place again, but the promise of the ruling Sabah family to educate the population with democracy is still fragile.

The struggle going on now between the legislature and

the government of Sheikh Jaber al Ahmad al Sabah, the emir, will very likely test the limits of the rulers' tolerance for a true system of checks and balances and define boundaries for the legislature's attempt to exercise democratic controls in a region where democracy is rare.

Political parties are still banned in Kuwait, where Parliament has been shut down by the emir for a total of 11 years since it was established in 1963 and women have not been given the right to vote. The pretext given by an adviser to the emir was that women would magnify the

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Smugglers Help Keep Iraq's Bazaars Humming

By John Lancaster
Washington Post Service

BAGHDAD — Amid the hubbub of Baghdad's Sharia market, one can see the leaks in United Nations trade sanctions.

As buses growl and street vendors ladle yogurt from ice-filled aluminum washbasins, shoppers browse among tables stacked with smuggled goods: light bulbs from Romania and Spain, glassware from Bulgaria, cutlery from Germany and Japan, fireworks from China, pesticides from Jordan, glue guns from Taiwan.

The sanctions, renewed again Friday by the UN Security Council, bar the export to Iraq of everything but food, medicine and other humanitarian goods. But, somehow, a lot of other merchandise is making its way to Baghdad.

"Basically, everything is available in the market," a UN official said. "You have computers available, even 486 computers, which did not exist when the sanctions were imposed. Also satellite dishes."

The embargo has caused misery among ordinary Iraqis, but there is every indication that smugglers are prospering. The illicit trade in Iraqi oil products has been well documented in recent months, while luxury items

and consumer goods are in ample supply, at least for those who can afford them.

The bustling black market helps explain why Iraq has continued to function, albeit at a subsistence level, in spite of the sanctions. They were imposed after Baghdad's 1990 invasion of Kuwait and bar the country from exporting the oil that was its economic mainstay.

Iraq has also benefited from surprisingly efficient farm production and the rebuilding of much of its war-damaged infrastructure.

The smuggling trade yields obvious political benefits

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THE AMERICAS

Republican Budget Plans Are Losing Support, Poll Shows

By Richard Morin
Washington Post Service

WASHINGTON — Not even the promise of a \$350 billion tax cut appears to be enough to entice a majority of Americans to support plans by congressional Republicans to balance the federal budget within seven years by slashing government programs and spending, a Washington Post-ABC News survey suggests.

The poll found that 56 percent of those interviewed said they opposed the plan announced last week by Senate Republicans to eliminate the Commerce Department, cut the growth in Medicare and Medicaid spending and end more than 100 federal programs.

An even larger majority of 60 percent rejected the competing proposal by Republicans in the House, who would ax two additional departments, Energy and Education; eliminate more than 200 federal programs; and cut taxes by \$350 billion to achieve a balanced budget by 2002.

There also was more good news in the poll for President Bill Clinton and the Democrats. Mr. Clinton's popularity has rebounded sharply in recent weeks. Fifty-six percent of those interviewed for the survey said they approved of the job that Mr. Clinton was doing, up from 46 percent in early April.

Americans appeared to be particularly impressed with the way that Mr. Clinton handled the aftermath of the bombing in Oklahoma City, with more than eight out of 10 expressing support.

The survey also suggested that President Clinton's nomination of Henry W. Foster Jr. to be surgeon general was less controversial with most Americans than with lawmakers on Capitol Hill. According to the poll, 45 percent of those interviewed said the Senate should confirm Dr. Foster, while 29 percent disagreed and the rest expressed no opinion.

Among those who said the Senate should re-

ject Dr. Foster, half cited his performance of abortions as part of his practice as an obstetrician-gynecologist.

The pollsters interviewed 1,011 randomly selected adults for the survey, from May 10 to 14. The margin of sampling error for the results was plus or minus 3 percentage points.

The poll also found that overall support for Republicans in Congress may be waning.

Americans were evenly divided on the question of who they trusted to better handle the country's biggest problems: 42 percent said they trusted Mr. Clinton more than the Republicans, while 42 percent expressed more confidence in Republicans.

Last month, nearly half — 49 percent — of those interviewed said they trusted Republicans in Congress with the country's biggest problems, while 41 percent said they trusted Mr. Clinton.

The Republicans' apparent diminished standing was mirrored in initial public reaction to

their proposals last week to balance the federal budget.

Not only did majorities reject each plan separately, six out of 10 people interviewed also said they preferred neither the Senate nor the House proposal — a view shared by seven out of 10 self-described Democrats, six in 10 independents and more than four out of 10 Republicans.

In addition, the poll suggested that the public's appetite for big cuts in welfare and military spending may be diminishing.

Fifty-two percent of those interviewed said they opposed any further cuts in welfare spending to reduce the federal deficit, a view shared by just 34 percent of those interviewed in January during the height of public support for Republican efforts to slash spending.

Similarly, six out of 10 people interviewed said they opposed further reductions in military spending, a view shared by four out of 10 just five months ago.

POLITICAL NOTES

Triumph Nears for States' Righters

WASHINGTON — The chairman of the Senate Finance Committee has handed Republican governors a political triumph, proposing a U.S. welfare reform plan that would turn over to the states about \$17 billion every year with almost no strings attached.

"I am going to give to the states as much flexibility as I have the votes to give them," said Senator Bob Packwood, Republican of Oregon. He said Monday that he intended to turn over welfare funds to the states as a lump sum payment, or block grant. "They cannot use it for airport tarmac or radar, but short of that I am going to have it as flexible as possible."

Mr. Packwood, whose committee has jurisdiction over the main welfare program, Aid to Families with Dependent Children, said he is working on legislation that would jettison the federal policymaking role in welfare and give the states near total freedom to innovate and experiment with welfare. "I'm willing to say to the states, O.K., we have failed," Mr. Packwood said. "Can I guarantee that states will be successful? No. Some will, some won't. Is it worth the risk of trying? Yes."

Waco Testimony, From All Sides

WASHINGTON — The House Judiciary Committee chairman, Henry J. Hyde, Republican of Illinois, says that witnesses at hearings next month into a 1993 assault on a religious compound near Waco, Texas, would probably include believers in an alleged federal conspiracy to intentionally kill the Branch Davidians who stockpiled weapons there.

Allowing conspiracy theorists to testify, Mr. Hyde said, would give a therapeutic but controlled airing to suspicions that support an anti-government paranoia among some individuals.

"Otherwise, they'll think we're part of the conspiracy, too," he said. Mr. Hyde told Washington Post editors and reporters during a luncheon interview that he did not want the Waco hearings "to turn into an orgy of recrimination and vituperation because it can easily."

"Serious mistakes were made, and I think it's therapeutic to recognize them," Mr. Hyde said, "but let's not characterize all of our law enforcement agencies as monsters ready to shoot from the hip all the time."

State Department Awaiting the Ax

WASHINGTON — A House of Representatives committee has approved a bill ordering a sweeping reorganization of the State Department and slashing spending on its operations and on U.S. foreign aid.

The International Relations Committee passed the bill by a party-line vote of 23 to 18 on Monday, sending it to the full House for consideration expected next week. A similar measure will be considered by a Senate committee this week.

Both bills would abolish the Agency for International Development, which runs the U.S. foreign aid program, the Arms Control and Disarmament Agency and the U.S. Information Agency, which includes the Voice of America radio network. The State Department would take over much of their work.

Officials of President Bill Clinton's administration strongly opposed the plan, but Republicans said it would eliminate agencies that are relics of the Cold War and eventually save money. Apart from its shake-up of the U.S. foreign policy apparatus, the bill also set much reduced spending levels for the State Department and its agencies and foreign aid, setting a level of \$16.4 billion in the fiscal year starting on Oct. 1, a reduction of \$1 billion from the current year.

Opponents complained that the budget cuts would have a devastating effect on aid to developing countries.

Quote / Unquote

President Bill Clinton on the punitive tariffs on Japanese cars: "We can't anymore deny this or sweep it under the rug. We have to go forward and we are going to do that."

Masaharu Tanaka, the executive vice president of Toyota: "The U.S. government conducts its trade policy in a coercive manner completely beyond our comprehension. It's simply unacceptable."

Away From Politics

• Arizona is the second state to reinstate the chain gang, putting shackled prisoners to work whacking roadside weeds and breaking rocks. On May 3, Alabama became the first state in decades to bring back the chain gang.

• The lawyer for Timothy J. McVeigh, a suspect in the bombing in Oklahoma City, will seek a 30-day delay in the demolition of the shattered Alfred P. Murrah federal building. The lawyer, Stephen Jones, said in a television interview in Oklahoma City that the delay would allow Mr. McVeigh's legal team access to the building that was destroyed in the April 19 bombing.

• A foundation in Philadelphia that solicited funds from non-profit groups with the promise of doubling their money within months has filed for bankruptcy protection. The Chapter 11 filing could affect hundreds of charities, including museums and universities, that had placed money with the Foundation for New Era Philanthropy.

• The prisoner who bludgeoned Jeffrey Dahmer and another killer to death has changed his plea to no contest and will remain incarcerated for the rest of his life.



Inmates from the Arizona Department of Corrections working on the chain gang to clear weeds from a highway.

CIA Head Replaces Leadership

By Tim Weiner
New York Times Service

WASHINGTON — The new head of the CIA has appointed a leadership of outsiders to run the troubled spy service, but he warned that the appointments by themselves would not solve the agency's problems.

As he had promised, the director of central intelligence, John M. Deutch, appointed an entirely new group of people who have experienced the CIA from the outside — primarily as staff members in Congress, the National Security Council and the Pentagon — to take over top positions. Their job, he said, will be to make the Central Intelligence Agency a more effective, accountable, responsible and happier place.

He also said he was creating a search committee to find a new chief of covert operations. The panel will try to find a new director as well as a new director for that segment of the agency, which operates clandestinely abroad and has been the source of a series of scandals and embarrassments.

The committee includes Nora Slaktin, whom Mr. Deutch appointed on Monday as executive director, the third-ranking post in the agency. No woman ever has held a position that high at the CIA.

The other members of the committee are Brent Scowcroft, President Bush's national security adviser; John McMahon, deputy director of the CIA under President Reagan; James Lilley, a former ambassador to South Korea and China and a CIA station chief in Beijing; and E. Norbert Garrett, also a former station chief.

Mr. Deutch confirmed that he would nominate George J. Tenet, director of intelligence programs at the National Security Council and a former staff director of the Senate intelligence committee, as the deputy director of central intelligence.

Witness Counters Claim on Simpson Sock Stains

The Associated Press

LOS ANGELES — A pair of socks found in O. J. Simpson's bedroom were splattered with microscopic drops of blood, a scientist testified Tuesday, countering a defense claim that the blood was planted by the police.

The California Department of Justice scientist, Gary Sims, who is the second major DNA witness to testify, also suggested that the blood was on areas of the socks where the blood would have splashed up from the ground.

He did not immediately testify about DNA tests on the socks and other items. But another witness has testified that DNA tests virtually ensure that some of the blood on the socks came from one of the murder victims.

Under questioning from a prosecutor, Rockne Harmon, Mr. Sims addressed defense contentions that the blood was planted on the sock by the po-

lice to frame Mr. Simpson, the former professional football star and actor. The defense backed up its allegation by noting that no one noticed the blood when the socks were seized the evening after the murders.

But Mr. Sims said it was difficult to see any of the blood, and that only after he looked at the socks through a low-power microscope did he realize the full extent of the stains.

"The more time you spend looking at them," said Mr. Sims, "you really do see a lot of stains on there. There's a large number of small stains."

He also suggested that the blood was in a logical area for someone walking through blood.

"Those stains would either be both on the outside or both on the inside," said Mr. Sims. "Depending on which foot you put the sock on?" asked Mr. Harmon.

"That's right," said Mr. Sims.

Mr. Sims began what will very likely be several days of extensive testimony after a ruling by the judge cut short the testimony of Dr. Robin Cotton, the first DNA witness.

In a setback for Mr. Simpson's defense, Superior Court Judge Lance A. Ito said that Dr. Cotton, the lab director of Cellmark Diagnostics, did not have to give statistics of genetic matches to accompany her testimony that a blood stain found on the steering wheel of Mr. Simpson's Bronco came from more than one person.

The defense, suggesting that some mystery person smeared blood on the steering wheel, has indicated that statistics show that more than a third of the world's population could have contributed to that stain. Mr. Simpson's attorney had wanted to question Dr. Cotton about these numbers.

But Judge Ito allowed prosecutors to put off the matter for

now and elicit that statistical evidence from another witness later in the case. Dr. Cotton was dismissed after six days of testimony, although she may still be recalled. Mr. Sims then was sworn in.

His laboratory did much of the DNA testing of blood and fiber samples, including blood found on a glove discovered behind Mr. Simpson's house. Prosecutors have said the test show that the glove was covered in a mixture of blood from both victims.

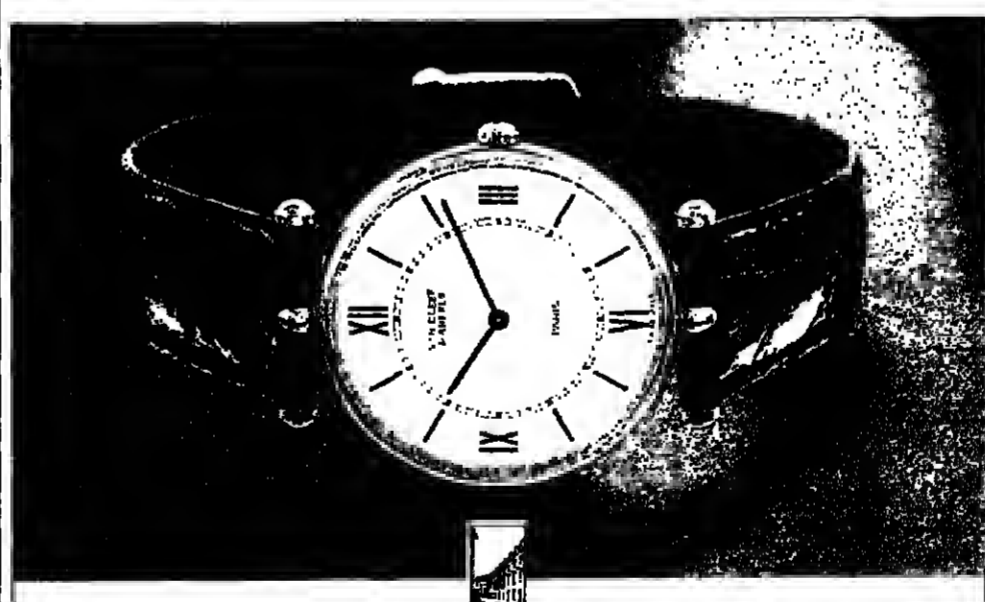
On Monday, jurors bombarded with statistics linking Mr. Simpson's DNA to murder,

heard Dr. Cotton's disclosure that some figures were based on a genetic comparison with just two other black men.

Although legal analysts said the new figures, elicited by a defense attorney, may be misleading, they agreed that the defense did score a significant point by bringing them out.

Dr. Cotton said, however, that she did not consider the figure "a critical feature" of her calculations.

Mr. Simpson is charged in the June 12 knife slayings of his former wife, Nicole Brown Simpson, and her friend Ronald L. Goldman.



Van Cleef & Arpels

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FBI Kept Tabs on AIDS Action Group

By David W. Dunlap
New York Times Service

NEW YORK — The New York office of the FBI kept watch on Act Up, the AIDS advocacy group, during the years that it staged some of its most conspicuous demonstrations against government policy on AIDS, according to a file supplied by the bureau to the Center for Constitutional Rights.

Of the 199 pages the FBI compiled on Act Up, 22 were sent to the center, which requested the data under the Freedom of Information Act.

To judge from what little was made public, the file amounts mostly to newspaper clippings.

In response to a request for information, the FBI also said it had hundreds of pages of files on the American Jewish Committee, American Jewish Congress and Clergy and Laity Concerned, said Michael E. Deutsch, legal director for the center, a group that specializes in civil rights cases.

The bureau also reported that there were small files on such organizations as the Center for Immigrants' Rights and Gay Men's Health Crisis, Mr. Deutsch said.

"These are public groups that don't advocate violence," he said. "One can only speculate on why the FBI is collecting documents on these groups when they say they weren't able to do the same thing for militias and violent right-wing groups."

James K. Kallstrom, the assistant director in charge of the New York FBI office, said, "The answer is, we're not."

There is no "investigative interest" in Act Up, he said. Asked if that meant surveillance, Mr. Kallstrom answered: "Meaning anything. There is no interest whatsoever."

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EUROPE

Police in Germany Come Under Fire

Rights Group Alleges Pattern Of Anti-Foreigner Brutality

By Rick Atkinson
Washington Post Service

BERLIN — German police have shown an alarming pattern of brutality in their treatment of foreigners and ethnic minorities in the last three years, the human-rights organization Amnesty International said Tuesday.

An Amnesty International report cites more than 70 incidents investigated by the organization from January 1992 to March 1995 in which it says the police "used excessive or unwarranted force in restraining or arresting people, or had deliberately subjected detainees in their custody to cruel, inhuman or degrading treatment."

Nearly all of the cases involved foreign nationals, including asylum-seekers and refugees, according to the report, which was made public in Bonn. More than half the incidents involved police officers in Berlin, which has a large population of Turks, Poles and other non-Germans.

Thomas Rabe, spokesman for the Berlin Senate department that oversees the police, said that "the accusations are absurd and don't apply to Berlin." The Berlin government has instituted a program to make the police more sensitive to foreigners, Mr. Rabe said, and an independent commission was established last year to scrutinize police behavior.

Of 52 brutality accusations investigated recently, only 2 were referred for prosecution and in 25 of the cases the complainant was subsequently cited for resisting arrest, he said.

"It would be alarming if these accusations were true," he added. "But we have trust in our justice."

The federal interior minister, Manfred Kanther, said in a statement from Bonn that accusations of "a pattern of mistreatment falsify reality."

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"Whenever accusations are raised against the police," he said, "they are investigated and resolved regardless of the consequences."

Other police officials have described brutality cases as isolated episodes involving a few rogue officers. Although some officers have been prosecuted and jailed for their action, the Amnesty International report sharply criticizes "the failure of the German authorities to investigate every complaint of alleged ill-treatment promptly, impartially and thoroughly."

"I think I could safely say on the basis of the reports we've received that the problem has steadily worsened," said Michael C. Butler, who supervised the study.

"One of the reasons is that the authorities have done far too little to tackle the problem," he said in an interview. "They still insist that it's just a few little isolated incidents."

Germany has been plagued since reunification in 1990 with xenophobic incidents, including murder. About 6.5 million foreigners live in Germany, and they make up 8 percent of the population. Federal statistics record more than 14,000 racially motivated crimes from 1992 through 1994, although officials in Bonn contend the epidemic has subsided recently.

"I see a relationship between racism in society and racist incidents in the police in that the police reflect society in all countries," Mr. Butler said. "This is the most alarming aspect of our findings: That at a time when foreigners might expect more police protection, frequently they've been confronted with baton, fist or boot."

The report, titled "Failed by the System: Police Ill-Treatment of Foreigners," cites medical evidence from victims with "broken teeth, sprains and bruises, and in several cases broken bones—injuries consistent with the victims' allegations that they had been punched, kicked or struck with a police baton."



Mr. Chirac is expected to name Mr. Juppé, left, as prime minister Wednesday after taking over as France's president.

Greens Seek Partners to Unseat Kohl

Reuters

BONN — Germany's surging Greens Party urged Social Democrats on Tuesday to join forces at the state level in coalitions that could help topple Chancellor Helmut Kohl's center-right national government in 1998.

Boostered by two state elections on Sunday that confirmed their status as the third force in German politics, party leaders said it was time for the Social Democrats to throw their weight behind the "red-green" option as a model for future coalitions.

Social Democratic leaders were not talking about their intentions even though a coalition seemed the most practical alternative in North Rhine-Westphalia, Germany's most populous state. The Social Democrats lost their 15-year majority there in Sunday's voting.

Joschka Fischer, the Greens' parliamentary leader in Bonn, said a Social Democratic-Greens alliance in North

Rhine-Westphalia could be a model for a similar coalition on the national level one day.

"If an ecological and social reform policy can succeed with the Social Democrats in North Rhine-Westphalia, then there is a tremendous chance that Rudolf Scharping will be federal chancellor in a red-green coalition in 1998," he told German radio.

Mr. Scharping is leader of the Social Democrats. His party is divided over casting its lot with the Greens, and he took a wait-and-see line.

"We must link Germany's ecologic and economic future very closely," he said. "We will have to see if this can be agreed upon with the Greens. We must not approach this with euphoria that replaces reason."

Joining forces with the Greens in North Rhine-Westphalia would be particularly sensitive for the Social Democrats because of the Greens' aggressive environmental policies, which traditional Social Demo-

cratic supporters in the coal and steel region fear could cost more jobs.

The Greens have sought a coalition with the Social Democrats in vain for years and were disappointed with the party's less-than-eager reaction to

forming governments in North Rhine-Westphalia and the city-state of Bremen.

Krista Sager, the Greens' co-leader, said in a radio interview that for now a coalition was "not just a conceivable perspective, it is the only one."

Calendar

European Union events scheduled for Wednesday:

STRASBOURG: 1995-96 growth projections will be presented by the commissioner for economic and monetary union, Yves-Thibault de Silguy.

LONDON: Jacques Santer, president of the European Commission, meets with Prime Minister John Major of Britain.

STRASBOURG: The European Parliament will issue its decision on the Bourlanges/Martin report on the intergovernmental conference in 1996; question the commission on the preliminary 1996 budget proposal, and welcome President Mary Robinson of Ireland.

MOZAMBIQUE: João de Deus Pinheiro, commissioner of relations with African, Caribbean and Pacific countries, completes his trip through southern Africa.

BRIEFLY EUROPE

Union Is Urged to Scrap the Veto

STRASBOURG — The European Parliament struggled Tuesday to come up with a common vision of Europe's future, with much of the debate concerning the rights of the European Union's members.

More than 200 amendments had been made to a report on an intergovernmental conference that will be held next year on the Maastricht treaty. The report, one of a number produced by EU institutions, is scheduled for a vote by the Parliament on Wednesday.

Among its most controversial provisions is one to do away with the veto, which has been used to derail initiatives on issues from foreign policy to taxes. Individual states can now block any of the proposals they do not like, while foreign policy is dealt with between governments.

Under the Parliament's draft report, the EU is urged to do away with both arrangements and to replace them with a simple majority system.

Limiting the veto is widely supported by the Parliament and other EU institutions, but Britain said it would fight such a move at the constitutional review next year. (Reuters)

Chirac Is Set to Step In as President

PARIS (Combined Dispatches) — Jacques Chirac will take over Wednesday as president of France for seven years and is expected to appoint Alain Juppé as prime minister.

President François Mitterrand will brief Mr. Chirac on state secrets and give him the launching codes for France's nuclear strike force during a meeting at 11 A.M., after he arrives to a 21-gun salute.

Mr. Chirac's first 36 hours in office will have a strongly symbolic flavor. After appointing Mr. Juppé on Wednesday, he is expected to visit the grave of his political mentor, Charles de Gaulle, at Colombey-les-deux-Eglises. He will meet Chancellor Helmut Kohl of Germany in the French border city of Strasbourg on Thursday.

The European Union's chief, meanwhile, wished a fond farewell to Mr. Mitterrand, crediting him for much of the EU's progress in the past 14 years. In a letter to Mr. Mitterrand, the president of the European Commission, Jacques Santer, thanked him "for the considerable progress you have made for Europe in your two terms of office. Having sat next to you for many years, I can bear witness to the eminent role you have played among us." (Reuters, AP)

WEU Warns of 2 Global Threats

LISBON — Ministers from 27 European countries, fearing a Japanese-style nerve gas attack, have pinpointed the proliferation of nuclear and chemical weapons as a major global threat.

"The proliferation of all weapons of mass destruction and their delivery means continue to constitute a threat to international and European peace and security," said a report adopted by the foreign and defense ministers at a meeting Monday of the 10-nation Western European Union.

The report, on a new generation of security threats facing an unstable post-Cold War Europe, stressed the dangers of such weapons falling into the hands of terrorists. (Reuters)

A Shift in EU-Morocco Fish Talks

BRUSSELS — Hoping to avoid another impasse in talks on fishing rights off North Africa, European Union and Moroccan officials took a new tack Tuesday, studying possible joint ventures instead of divvying up fish stock.

The European Commission has proposed teaming up with Moroccans on ship-owning, fishing, processing and distributing the catch that comes out of Morocco's territorial waters.

The EU spokesman, Marco Zatterin, said the proposed "partnership agreement" would allow Morocco to develop its fishing industry while giving European boats continued access to Moroccan waters. (AP)

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INTERNATIONAL

Mental Illness Seems to Be on the Rise in Poorest Nations

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Mental illness and behavioral problems are on the increase in the world's poorest nations, even as advances are made against debilitating or fatal physical diseases, a team of experts assembled by Harvard Medical School said here.

The deterioration in mental and social health threatens more violence, ethnic conflict and instability in developing nations, the team warned in a study prepared by 88 specialists from 30 countries.

The study, "World Mental Health: Problems and Priorities in Low-Income Countries," which is being published as a book by Oxford University Press, was issued here as part of an effort by the authors to involve the United Nations in drawing attention to the problem.

"It is a myth that mental health is not a serious global problem," Arthur Kleinman, a co-author and the originator of the study, said before

presenting the findings to Secretary-General Boutros Boutros Ghali.

"Nothing could be farther from the truth," said Mr. Kleinman, an anthropologist and psychiatrist who has been studying mental health in Asia, primarily China, since 1968. He is calling for a global conference on the issue, similar to those held in recent years on population and poverty. "The problem is broad, not just neuro-psychiatric disorders, but also behavioral problems like substance abuse and violence."

There is an important link to the United Nations, he said.

"What this book does demonstrate that major demographic shifts, ethnic conflict, refugee movements, internal displacement, the international drug trade, the growth of megacities and to some extent economic restructuring have contributed to these problems."

The specialists found that in many countries rapid social and economic changes were creating special stresses on the elderly.

Mr. Kleinman said national governments as

well as international organizations needed to focus on mental and behavioral problems, which are often relegated to the margins of policy in some countries because of the stigma attached to the mentally ill.

Yet, in many poor countries, there are imaginative and successful small efforts to deal with personal and community breakdowns, he said.

He described programs in Thailand in which Buddhist monks work with narcotics abusers, and in Malaysia, where healers called "drug bombers" treat heroin addicts in communal settings. In southern India, women enrolled in a literacy program in Andhra Pradesh became the core of a large women's movement against alcoholism. More than 6,000 liquor stores were closed in the state.

In Swaziland, in southern Africa, community mental health programs involve traditional healers, public health workers and family members.

These kinds of programs need national and international support, Mr. Kleinman said.

Among the findings of the study are these:

• Mental retardation and epilepsy rates are up to five times as high in poor countries as in richer ones. In certain Asian and African nations, up to 40 percent of sufferers go untreated because anticonvulsive medications are too expensive or not available.

• Reported schizophrenia cases in poor countries are likely to rise to 24.4 million by the year 2000 from 18.5 million in 1985. By 2025, three-quarters of the world's dementia cases will be in the developing world.

• Domestic violence and the abuse of children is high in many low-income societies. From 20 percent to 75 percent of married women in developing countries are victims of domestic violence. The abandonment of unwanted children and the use of minors in the commercial sex industry and slavery are becoming "epidemic" in many parts of the world.

The report recommends a major world initiative to upgrade mental health services in Africa, Asia, Latin America and the Middle East, with emphasis on the training of more health-care workers.

Overt Racial Politics Resurface in Kenya

Moi Assails White Conservationist For Backing an Opposition Group

Reuters

NAIROBI — President Daniel arap Moi of Kenya has called the conservationist Richard Leakey a "white man" trying to challenge the government over his backing of the formation of a new political group.

"White people tell us change, change, change," Mr. Moi told a rally in Nyeri, in Kenya's mainly Kikuyu central province on Monday. "They are urging us to have political reforms."

"Even Leakey, a white man, comes and tells us: 'I want to remove you,'" Mr. Moi said in televised remarks.

In an announcement that shook Kenya's political establishment, Mr. Leakey said May 7 that he was associating himself with an alliance of young opposition leaders.

Mr. Moi's government faces criticism from Western donors, some of which have suspended aid programs after complaining of human rights abuses.

Mr. Leakey, a paleoanth-

ropologist who gained fame with his discoveries of fossils of early man, was instrumental in saving Kenya's elephants during his 1990-1994 term as head of the Kenya Wildlife Service. He was ousted last year in a campaign led by senior ministers, who accused him of corruption and called him a racist.

"Leakey says he is not racist," Mr. Moi said, "yet while head of KWS he fenced off land only belonging to whites to protect it from animals."

"Why did he not also fence off land belonging to ordinary blacks?"

Most prominent in the group Mr. Leakey is backing is the opposition figure Paul Muite.

"This organization wants to destabilize the country," Mr. Moi said. "Muite calls for civil disobedience, and yet Leakey is in that group."

As wildlife chief, Mr. Leakey attracted more than \$500 million in aid pledges. Donors suspended much of that money when he was forced out.

Beijing and Manila Face Off Over Reef

Confrontation in Spratlys Sparked by Journalists' Visits

(This is a pool report by Ruben Alabastro of Reuters, who returned on Tuesday from a media visit, organized by the Philippine Defense Department, to the disputed Spratly Islands in the South China Sea. Its release was delayed because of reporting restrictions imposed on the visit.)

Reuters

OFF MISCHIEF REEF, Spratly Islands — Two Chinese vessels blocked a Philippine Navy ship carrying a senior general and a group of foreign and Filipino journalists in a tense 70-minute confrontation Saturday near a Chinese-held reef in the Spratly Islands.

The two Chinese ships, with markings identifying them as fishing boats, cut across the bow of the Philippine Navy tank-landing ship Benguet and then hemmed in the vessel from two sides.

As the two Chinese boats moved toward the Benguet, the general on board, Major General Carlos Tanaga, called in his patrol escort, the Miguel Malvar, which immediately took up a position between the Chinese vessels and the Benguet.

Later, two Chinese frigates appeared on the horizon in apparent support of the Chinese

fishing boats. The frigates appeared to be advancing at top speed.

In Beijing, the government warned the Philippines on Tuesday that any similar action could result in "serious consequences."

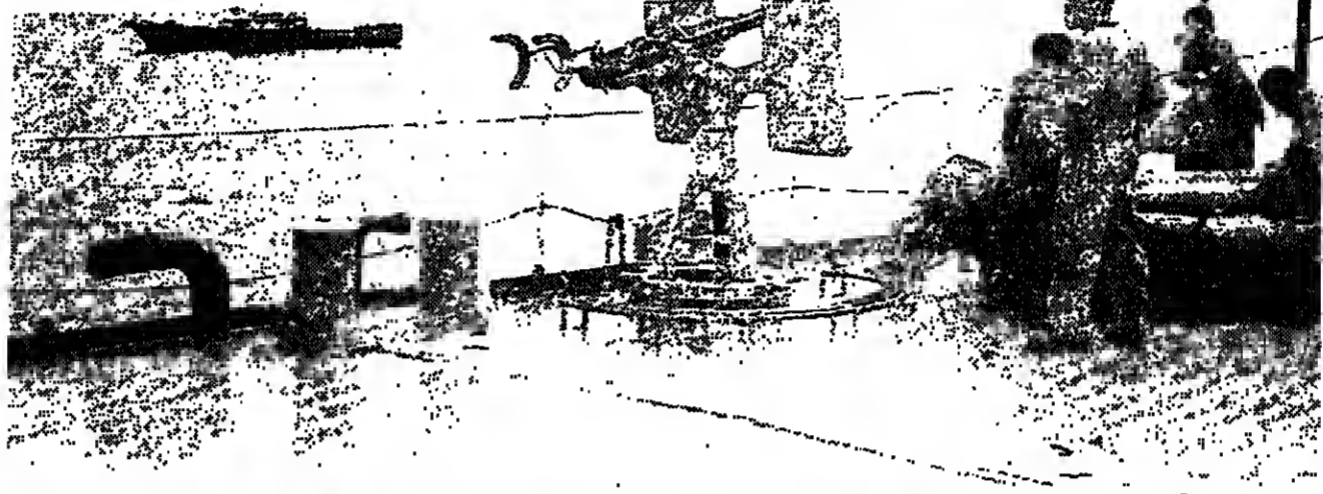
"We advise the other side not to misinterpret China's restraint but instead return to the correct path of negotiations to resolve this dispute," the Xinhua press agency quoted the Foreign Ministry spokesman, Shen Guofang, as saying.

Mr. Shen said Manila had defied Beijing by going ahead with the journalists' tour despite repeated warnings from China.

"The Philippines side ignored China's solemn warning and willfully carried out the activity," he said. "This seriously encroached on China's sovereignty. For this China lodged a serious protest with the Philippines government."

He added, "If the other side clings obstinately to its course and willfully takes dangerous actions, it must bear the full responsibility for any serious consequences."

At one point Saturday, the smaller of the Chinese fishing vessels, its dark blue hull



Philippine Navy sailors keeping watch on a Chinese boat during the confrontation in the disputed Spratly Islands.

marked with the words "China's Fishing Administration 34" in Chinese characters, steamed to within about 50 meters of the Benguet.

Men on the boat peered at the Benguet through binoculars, took pictures and shot video of it. One of them waved the Benguet off, as if shooting it away.

The incident was the first physical confrontation in the Spratly Islands between China and the Philippines, two of the six nations claiming the potentially oil-rich islands in the South China Sea.

The other claimants are Brunei, Malaysia, Taiwan and Vietnam.

Security experts regard the islands, believed to sit atop reserves of oil and minerals, as a potential flashpoint.

The stand-off began Saturday afternoon while the Benguet was launching helicopter sorties for journalists into Mischief Reef, an area claimed by the Philippines.

There were 39 journalists on the ship. Manila protested angrily to China when it discovered in February that the Chinese had built structures on the reef.

Philippine officials say the metal structures on the reef could eventually become naval support facilities.

China had tried to get Manila

to halt the media visit to the islands, saying it would "internationalize" the issue.

President Fidel V. Ramos, however, ordered that the visit proceed.

The Philippine vessels were about 8 nautical miles north of Mischief Reef when the confrontation began Saturday.

General Tanaga led the first helicopter sortie. The two helicopters flew repeatedly over the Chinese structures, roaring as low as 30 feet (9 meters) over them.

The confrontation ended when the Benguet, having com-

pleted its mission of seven sorties, backed off to proceed to its next destination.

Throughout the incident, a Philippine Air Force plane gave the Benguet air cover, military officers said.

While the navy ship was steaming out of the area, two S-211 Italian-made trainer jets of the Philippine Air Force flew overhead.

"What is important is that we can do what we have to do because this is our territory," said General Tanaga.

"We were eyeball to eyeball," he added. "We did not blink."

Lola Flores, Spanish Singer, Dies at 72

New York Times Service

MADRID — Lola Flores, 72, one of Spain's most popular singers of this century and the star of numerous musical films of the 1950s and 1960s, died Tuesday at her home outside Madrid.

She died after a long illness that included a battle with breast cancer, her family said.

Known popularly as "Lola of Spain" and "The Pharaohess," after a role in one of her films, Miss Flores came to symbolize popular Flamenco and Spanish folklore, singing for generations of Spaniards and millions of fans in Latin America.

In a condolence telegram to her family, King Juan Carlos I and Queen Sofia said that with the death of Lola Flores, "Spain has lost one of the greatest artists of this century."

Born in 1923 in the southwestern Andalusian town of Jerez de la Frontera as Dolores Flores Ruiz, she began her singing career at the age of 10, singing in local bars and taverns.

She first jumped to national fame in the 1940s singing with the popular Flamenco singer Manolo Caracol and landed her first film contract at the age of 17. By the 1950s, she was filming one musical after another

that were hits in Spain and South America.

William E. Waller, 57, Newsman and Book Editor

William E. Waller, 57, a newspaper and textbook editor, died of prostate cancer Monday in Tucson, Arizona.

Mr. Waller, a native of Louisville, Kentucky, was a graduate of Yale University. He worked as a copy editor for newspapers in Chicago, Detroit and Tucson, as well as the international edition of The New York Times in Paris.

He later became a free-lance editor for publishing houses, specializing in scientific text-

books. Since 1980, he had spent his summers as a copy editor at the International Herald Tribune.

Christian Boehmer Anfinsen, 79, co-winner of the 1972 Nobel Prize in Chemistry, died of a heart attack Sunday in Pikesville, Maryland.

Gaston Plissonnier, 81, a former Communist Party Politburo member and underground Resistance leader in Nazi-occupied France, died Tuesday in Paris.

Jimmy Raney, 67, an influential postwar jazz guitarist, died of heart failure Wednesday in Louisville, Kentucky.

BOOKS

THE PRIEST: A Gothic Romance

By Thomas M. Disch. 303 pages. \$24. Alfred A. Knopf.

Reviewed by Lisa Tuttle

Perhaps the most notorious of the original Gothic novels is "The Monk" by M.G. Lewis, which is still shocking readers with its bad taste and blasphemy 200 years after its publication. By comparison, and in the context of what readers today are accustomed to, Thomas Disch's contemporary Gothic tale is sedate. Yes, there are rapes, tortures and murders here, but little is graphically described. Most of the violence takes place between the scenes or in the dark.

Unlike Lewis' improbably saintly 17th-century abbot, Disch's priest, Father Bryce, cannot blame his eventual downfall on any demons outside his own skin. He has been sexually abusing altar boys and underage runaways for years, unable to resist each new temptation. But now he is being blackmailed. Unable to work up the courage to kill himself, Father Bryce sees no alternative to giving in to his blackmailer's demands, which are extremely strange.

First, he has to read a badly written book by a former science-fiction writer who claims to have made some earth-shattering discoveries through his experiences of reliving past lives, the most significant being that of an Italian stonemason in

the Middle Ages who was imprisoned in France and tortured on suspicion of heresy. Next, the priest is ordered to have his chest tattooed with a picture of Satan.

During the ordeal of tattooing, Father Bryce passes out and wakes to find himself a bishop in France and in the Middle Ages. Meanwhile, his own body is inhabited by the consciousness of that bishop, Silvanus de Roquefort, who believes on the evidence of all his senses that he is now in hell and decides to make the best of it: When in hell, do as the demons do. He therefore indulges himself in rape and murder whenever opportunity presents itself.

It is the selfish, unchallenged power of the Catholic Church that is the true horror behind all the evils depicted in "The Priest." "Anyone given enough power must succumb to such temptations," says the torturer to Father Bryce.

Disch's last novel, "The M.D.: A Horror Story," also concerned moral choices and the potential for abuse inherent in any power, and it stands as one of the most literate and compelling horror novels of the decade.

"The Priest" suffers by comparison. It's a short book with many characters, most of whom are simply sketched in. Rather than taking on lives of their own, they tend to stand for ideas, as in an allegory. This may be deliberate — we're alerted by the subtitle not to expect a novel but a Gothic

romance — but it also makes for a less involving reading experience.

"The Priest" is didactic, occasionally preachy, but too clever and fast-moving to drag. It is an inventive, angry and darkly humorous book with an ex to go. Although it is deeply moral, the message it bears about the culpable hypocrisy of the Catholic Church should cause it to be as loudly and indignantly denounced — at least in certain quarters — as "The Monk" with its bleeding nun, dead babies and incestuous rape, ever was.

Lisa Tuttle is a novelist and short-story writer who wrote this review for the Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Week	Rank	Title	Author	Weeks on List
1	1	THE RAINMAKER	by John Grisham	1
2	1	LET ME CALL YOU SWEETHEART	by Mary Higgins Clark	1
3	1	THE CELESTINE PROPHECY	by James Redfield	2
4	1	LADDER OF YEARS	by Anne Tyler	3
5	1	POLITICALLY CORRECT BEDTIME STORIES	by James Finn Garner	4
6	1	MOJO	by Jane Smiley	5
7	1	BORDER MUSIC	by Robert James Waller	6
8	1	A DOG'S LIFE	by Peter Mayle	7
9	1	THE BRIDGES OF MADISON COUNTY	by Robert James Waller	8
10	1	CHILDREN OF THE JEDI	by Barbara Hambly	9
11	1	MUTANT MESSAGE DOWN UNDER	by Mario Gargano	10
12	1	OUR GAME	by John le Carré	11
13	1	BEAUTY FROM ASHES	by Eugenia Price	12
14	1	THE GLASS LAKE	by Mavis Chey	13
15	1	PHENOMENAL WOMAN	by Maya Angelou	14
16	1	NONFICTION		
17	1	IN RETROSPECT	by Robert	

S. McNamara with Brian Van-DeMark	1	3
1 THE HOT ZONE, by Richard Preston	2	31
3 THE DEATH OF COMMON SENSE, by Phillip K. Howard	3	13
4 SILENCE, by Carol Saline	4	20
5 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Bernhardt	5	62
6 THE DISCIPLINE OF MARK-ET LEADERS, by Michael Treacy and Fred Wiersema	6	11
7 FROM BEGINNING TO END, by Robert Fulghum	7	4
8 QUIVERS, by Robin Quivers	8	4
9 MODEL, by Michael Gross	9	13
10 BREAKING THE SURFACE, by Greg Louganis	10	9
11 MY LUCKY STARS, by Shirley McLean	11	9
12 THE DIARY OF A YOUNG GIRL, by Anne Frank	12	7
13 IN SEARCH OF STONES, by Scott Peck	13	3
14 COUPLEDHOOD, by Paul Reiser	14	36
15 NO ORDINARY TIME, by Doris Kearns Goodwin	15	18
ADVICE, HOW-TO AND MISCELLANEOUS		
1 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	2	103
2 THE SEVEN SPIRITUAL LAWS OF SUCCESS, by Deepak Chopra	3	1
3 MARKS AND VENUS IN THE BEDROOM, by John Gray	4	3
4 HOW TO ARGUE AND WIN EVERY TIME, by Gerry Spence	5	2

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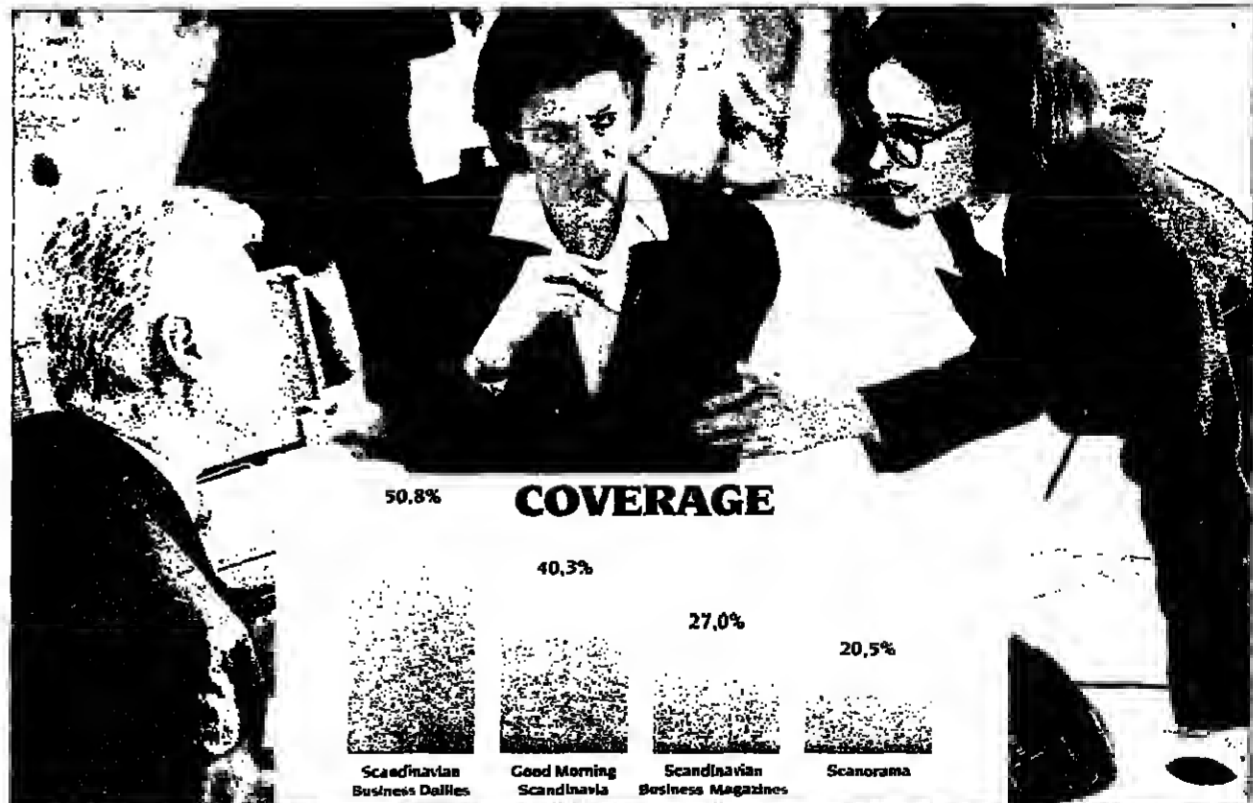
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Women seeking shelter on Tuesday as heavy fighting sent war-weary Sarajevo residents scurrying for cover. Chris Helgren/Reuters

SANCTIONS: In Appeal, Japan Will Cite Speed of Washington's Move

Continued from Page 1

international dispute settlement mechanisms.

"This is not the way to solve trade disputes," he said. "These measures, if implemented, would be contrary to U.S. obligations under WTO."

In Geneva, Renato Ruggiero, director-general of the WTO, called on the two countries to respect the organization's rules and said that the credibility of their commitment to the multilateral trading system was "at stake."

A final decision on whether to impose 100 percent tariffs on 13 separate Japanese luxury car imports, worth \$5.9 billion last year, will not be made until June 28, but Washington surprised Tokyo with its decision to backdate tariffs from May 20 should the sanctions ultimately be imposed.

In effect, the move is tantamount to the imposition of sanctions from Saturday, because vehicles that arrive after that date could be subject to 100 percent tariffs. With a top-of-the-line Toyota Lexus selling for \$52,000, the action creates immediate chaos, because importers will be taking a big risk if they accept delivery of vehicles already en route to the United States.

"The fact that you're going to impose de facto sanctions makes it less of a threat, and more of an action," said Andrew Durant, managing director of Samuels International, a Washington consultancy.

A Toyota Motor Corp. spokesman was

more blunt: "Whatever is already on the boat gets screwed, too."

An official at the Ministry of International Trade and Industry said, however, that the backdating tactic would serve to strengthen Japan's complaint to the World Trade Organization that unilateral sanctions are a violation of international trade rules.

"We'll be able to say clearly that the impact of the announcement is real," he said. "It's clear we can win at the WTO," he said, adding that Tokyo would lodge its complaint as soon as Wednesday.

The decision to backdate sanctions bolsters Washington's strategy to pressure Japan's automobile industry into making fresh pledges to renew and extend so-called voluntary plans made in 1992 on increased purchases of American car parts.

A refusal to make such pledges was the biggest stumbling block over the 20 months of negotiations aimed at improving American access to the Japanese auto market. The Japanese government and automakers reaffirmed their position Tuesday that it was impossible to accept such demands, which it said were tantamount to purchasing quotas.

Yoshitomi Tsuji, the president of Nissan Motor Co., said, "At Nissan, we have absolutely no intention of extending or revising our voluntary parts purchase plan under this unwarranted pressure from the United States."

"The U.S. government," said Masaharu

Tanaka, executive vice president of Toyota Motor Corp., "conducts its trade policy in a coercive manner completely beyond our comprehension. It's simply unacceptable. We hope the United States will drop the sanctions and let the WTO reaffirm the meaning of fair, international trade rules."

Some analysts, however, suspect that in the end the Japanese automakers will cave in to U.S. pressure rather than get bumped out of the American luxury car market.

The tariffs would effectively wipe out exports of luxury cars. For Japan's biggest carmaker, Toyota Motor Corp., luxury cars comprise 11 percent of the value of U.S. sales, said Peter Boardman, senior analyst at UBS Securities. For Nissan Motor, the second-biggest maker, the figure is 11 percent.

But with the yen having surged 15 percent against the dollar this year, eroding the competitiveness of Japanese exports, the segment remains one of the few in which Japanese carmakers are making profits.

"The impact will be huge," Mr. Boardman said.

Still, while a loss of sales would dent earnings, the damage would hardly disable the Japanese motor industry. North American sales of luxury vehicles comprise less than 2.2 percent of the value of total worldwide sales for all Japanese makers.

"The biggest impact," Mr. Boardman said, "could be on U.S. dealers, who might lose their jobs."

BOSNIA: Sarajevo Siege

Continued from Page 1

around Sarajevo," Mr. Akashi said.

While the United Nations looks unlikely to withdraw its peacekeeping forces from Bosnia in the near future, a report being sent by Mr. Akashi to New York for the Security Council's consideration is said to concede that the policy of declaring "safe areas" for civilians in Sarajevo and five other Bosnian towns has become untenable.

The United Nations may also start to emphasize the humanitarian aspects of its mission over purely military peacekeeping.

Though government forces started the shooting Tuesday, both sides expect the battle over Sarajevo to escalate this summer.

"Both sides were preparing for something," Mr. Ivanko said. "We're saying both sides were equally to blame for this fighting."

There is an expectation that the Bosnian Army could soon mount an offensive to break the siege of Sarajevo, which began three years ago. Brigadier General Kifit Bilajac told Reuters on Monday that Sarajevo "still has strength and means in reserve and these should be put into deblocking the city."

Meanwhile, Bosnian Serbian forces have increased pressure on the city with shelling and sniping. They have also forced a suspension in flights delivering badly needed supplies of food.

Croatia Vows Pullout

In Bonn, Foreign Minister Klaus Kinkel of Germany said that President Franjo Tudjman of Croatia had promised that his troops inside UN-patrolled buffer zones in Croatia would withdraw by 11 P.M. Reuters reported.

The UN Security Council called last week for Croatian troops to leave UN buffer zones after a successful offensive on May 1 against rebel Serbs in Western Slavonia, east of Zagreb.

In The Hague, a UN war crimes tribunal for former Yugoslavia agreed to take over genocide and other war crimes accusations against Bosnian Serbian leaders for possible trial.

Russia Pummels Chechen Positions

Continued from Page 1

GROZNY, Russia — Russian forces blasted rebel Chechen positions Tuesday, and fire engulfed a gas works on the fringes of Grozny, the shattered capital of the breakaway region.

Thick smoke filled the air around two sections of the plant on the western edge of Grozny, and residents said the factory exploded overnight. It was not clear what had caused the blast.

Residents in Urus-Martan, 20 kilometers (12 miles) south of Grozny, said they heard what sounded like an air raid from the direction of Vedeno, about 10 kilometers farther south.

Russian planes have bombed southern villages and mountains, apparently in an effort to prevent the rebels from setting up a network of

mountain bases to launch a summer campaign. Recent raids have hit the village of Serzhent-Yurt in the foothills. The Russians struck the village again Tuesday with heavy artillery and multiple-launch Grad rockets.

Meanwhile, the brother of a missing American relief expert said Russian military authorities had been blocking efforts to determine whether a body found in Chechnya was that of Frederick C. Cuny.

Chris Cuny, who said he thought there was "a 50-50 chance" that the body was that of his brother, said Western searchers had been unable to get into Chechnya to bring the body out, despite Russian assurances. (Reuters, AP)

Ex-Mayor of Nice Gets Prison Term

Continued from Page 1

GRENOBLE, France — Jacques Médecin, the former mayor of Nice, was sentenced to two years in prison Tuesday for swindling the opera company in Nice in the 1980s.

A court in Grenoble also fined Mr. Médecin, a rightist known as "King Jacques" during his 24 years in office, 200,000 francs (\$40,000) on charges of breach of trust. He was also sentenced to five years' deprivation of civic rights.

Prosecutors accused Mr. Médecin of siphoning more than 2 million francs from the Nice Opera association's 50 million franc annual subsidy and paying the cash to two foreign front firms, supposedly to recruit singers who never performed in Nice. (Reuters, AP)

Mr. Médecin, 67, was extradited from Uruguay last year to face several corruption counts and had been in jail for the last 17 months.

The verdict was one of a series of anti-corruption court rulings falling in the days before President-elect Jacques Chirac takes office on Wednesday.

The former mayor, who once boasted he would make Nice the Las Vegas of the French Riviera, was sentenced in absentia in 1992 to a year in jail for maladministration. The director of the Nice Opera at the time, Lucien Salles, was sentenced to 18 months, with six months suspended, and fined 100,000 francs. (Reuters, AP)

PROTEST: Father of China's Bomb Urges Tolerance

Continued from Page 1

Sciences, including that of my respected teacher," Mr. Wang.

In a telephone interview, Mr. Xu said separate letters to Mr. Jiang and Mr. Qiao were mailed Monday. Copies were being distributed to news organizations this week.

Mr. Xu said party officials had apparently become aware of preparations to issue the document as it was circulating for signatures. Mr. Xu said he received a summons on Friday from the Communist Party secretary of his research institute.

"He asked me not to engage in any activities, and not to do anything that will affect social stability," Mr. Xu said. "I told him what we're doing is good for social stability."

The new petition, following several others that were presented to the People's Congress in March, indicates that a significant number of Chinese intellectuals are seeking to press party leaders into opening a national debate on political re-

form as the country prepares for the death of the paramount leader, Deng Xiaoping.

The timing is important because Mr. Deng, 90, appears to have lost the ability to speak on policy matters as his health declines. He has not been seen in public since February 1994. For the last six years, his adamant opposition has prevented the re-evaluation of the Tiananmen verdict, which led to loss of jobs, diplomas and freedom for thousands of Chinese.

The petition follows an unusually blunt speech on Saturday by the U.S. ambassador to China, J. Stapleton Roy, who admonished senior Chinese officials to move more quickly toward establishing the rule of law in China "as the most effective way of maintaining stability and social order without resort to repression."

Monday's petition is pegged to a Dec. 20, 1993, resolution of the United Nations General Assembly, which proclaimed that 1995 — the 50th anniversary

of the founding of the United Nations — should be the "United Nations Year of Tolerance."

"Our country is a founding member of the United Nations," the petition says. "Thus it should conscientiously implement this resolution, so that this spirit of tolerance, a spirit with which our country is relatively unfamiliar, may take root and flourish."

The signers asked for a re-evaluation of the Tiananmen tragedy "according to the spirit of seeking truth from facts," an aphorism made famous by Mr. Deng, who emphasized pragmatic policies to unify the Chinese behind economic reforms. The appeal appeared to be timed to coincide with the sixth anniversary of the Tiananmen massacre next month.

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KUWAIT: Embezzlement Case Tests Limits of Democratic Reforms

Continued from Page 1

Islamic fundamentalist vote in Parliament "because they will do as their husbands tell them," one minister said.

The recent National Assembly session focused on constitutional issues regarding the legislature's authority to reject decrees issued by the emir while Parliament was dissolved and a dispute with the government over what court system may try the case of Sheikh Ali al Khalifa al Athbi al Sabah, the former finance and oil minister. He is accused of embezzlement and kickbacks totaling \$100 million or more.

"The whole issue is political, meant for the protection of thieves who broke all records for theft," said a legislator, Yacoub Hayat.

"True government is about live conscience, intelligent minds, pure hearts and not about inoculated constitutions and retranslating laws," another shouted.

"If that happens, courage will retreat, justice will bend its head, darkness will loom and the devils will sing," he added.

Watching the debate were legislators from Pakistan and other visitors, who were enthralled as the debate grew louder, with florid poetic references to ancient Arab examples of deception and betrayal and explosions of laughter.

Two legislators blew kisses to each other, and Kuwaiti jour-

nalists called in updates to their offices on cellular phones.

"We know this is still a newborn democracy that needs nurturing, but it is a newborn that has nails," a Shiite legislator, Adnan Abdel Samad, said recently after a meeting with constituents.

While the legislature presses for prosecution in the case of the former oil minister, investigators are also probing suspected fraud and mismanagement losses of up to \$5 billion by the Kuwait Investment Office, the agency responsible for investing the country's oil revenue.

A sensitive issue is the re-scheduling of \$20 billion in debts dating back to the 1982 crash of the Kuwait stock market. Most of it is owed by Kuwait's elite, including a top government official and a member of the Sabah family who has debts of \$230 million.

"The crisis is about the distribution of wealth in Kuwait," said a local journalist who was listening to the debate.

At stake is Kuwait's economic future and the prospects for its continuation as a welfare state, in which everyone gets free medical care and pays no taxes. The fortunes of the Kuwait Investment Office have dwindled from \$110 billion to \$35 billion, partly as a result of the cost of the war against Iraq. References were also made in the legislative debate to Kuwait's history of having two parliaments dissolved by the ruler — "a dangling sword"

over the legislators' heads, as some call it.

In 1976, Parliament was suspended to avert fallout from the Lebanese civil war. In 1986, it was dissolved again by the emir after it had subjected the minister of justice, a member of the Sabah family, to questioning and a motion of no-confidence that led to his resignation.

Although the constitution stipulates that elections are to be held two months after dissolution of Parliament, elections were not held after the 1986 dissolution until 1992.

This issue is particularly embarrassing for Kuwait. The emir had agreed to new elections under pressure from the United States and to allay the wrath of Kuwaitis against government officials' flight from the country and their luxurious exile during the eight-month Iraqi occupation.

Now, many Kuwaitis feel that their country actually was saved by the exile of the ruling family, which then lobbied for American involvement and the commitment of U.S. troops.

"In this area," said a Kuwaiti political scientist, Shafiq Ghabra, "you do not have fully developed states, but rather authorities. State-building is a new concept. Kuwait is still in the state-building stage after liberation. This is why democratization is not taking off the way it should."

"If you democratize before

state-building, you may have an Algerian situation, and you will go to pieces," he said, referring to the political chaos in Algeria, where Islamic militants are fighting to overthrow a military-backed government formed to keep them from taking control of the country through elections.

Legislators, citizens and foreign diplomats interviewed spoke of a checkered alliance between the rulers and fundamentalist Muslim groups, who bring up polemical issues that critics say, take up time and divert attention from the debate about corruption.

Examples of the issues that the National Assembly has had to grapple with this session include efforts to make Islamic law the only source of law and to segregate schools by sex. On these and other such issues, the fundamentalists were only narrowly defeated.

Mr. Samad, the Shiite legislator, recently tipped the vote in favor of Education Minister Ahmed Ruheil, a secularist, when fundamentalists tried to remove him from office for allegedly squandering funds and removing anti-Jewish references from textbooks.

"The fundamentalists know that they cannot change the political system and that they have to come to terms and strike a deal with the rulers to use their authority to impose their will," said a Kuwaiti sociologist, Saeed Naqib.

"There are shortages of things in the Iraqi market, but it doesn't affect me," said a vendor as he squatted beside his display of electrical fixtures and Spanish-made light bulbs. "Everything is available," although very expensive, he said.

Computers, too, can be found without difficulty. One dealer offered a brand-new, IBM-compatible desktop computer equipped with a high-speed, 486 microprocessor and Super VGA color monitor for about \$1,300. The dealer said he could assemble it in a day from spare parts, then produced an unopened package containing a Seagate hard drive with an August 1994 manufacture date.

POROUS: Smuggling Fills the Markets of Baghdad and Helps Saddam

Continued from Page 1

for President Saddam Hussein, cushioning his principal backers in the military and elsewhere from the worst effects of the sanctions and, by some accounts, contributing to a number of private fortunes.

"All this unofficial trade has boomed," said a Baghdad-based diplomat. "Sanctions are crumbling."

That is surely an exaggeration. No trade embargo is airtight, and by all accounts the sanctions regime has been punishingly effective. The country's industrial capacity has been shattered. Earlier this month, the UN World Food Program warned that critical shortages of food and medicine threat-

ened the lives of up to a million Iraqis.

The Security Council has resisted efforts by two of its members, France and Russia, to ease the sanctions, which are aimed in part at forcing Iraq to reveal past efforts to develop nuclear, chemical and biological weapons. The United States has argued for continuing the embargo, citing gaps in the inventory of biological material provided by Iraq.

The sanctions have hit hardest among salaried professionals and government employees, whose average monthly paychecks have declined in value to about \$4. Desperation has bred corruption: At the government press office, translators have

been known to solicit cash from visiting reporters or to inform them of an obligation to buy them food.

Beggars have spread throughout central Baghdad, many of them children.

But a shopping tour of Baghdad shows another side of the story. While most shopping malls are closed and many storefronts are shuttered, the souks and sidewalk markets seem surprisingly well stocked with food and consumer goods, especially textiles. The supply of imports has surged in recent months as the government has eased restrictions aimed at stemming the flow of hard currency abroad, according to a European diplomat.

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OPINION/LETTERS

Help the World's Women — Development Will Follow

By Hillary Rodham Clinton

Mrs. Clinton traveled through South Asia from March 24 to April 6.

WASHINGTON — The Women's Bank is a one-room building in Ahmedabad, a textile center in western India. The teller's counter is an old kitchen table covered with cloth. Bank clerks record all transactions by hand, on yellowed sheets.

When I visited, I saw poor women who had walked 12 to 15 hours from their villages to take out loans — some as small as \$1 — to invest in dairy cows, plows or goods that could be sold at market.

The bank, brainchild of a Gandhi disciple, Ela Bhatt, was founded by the Self-Employed Women's Association, or SEWA. Many of the women in this trade organization rank among the poorest, least educated and most ostracized in India.

Today, the bank has more than 40,000 members and assets exceeding \$2 million. Women run the bank, and only women are allowed to make deposits and borrow money.

The result is impressive: Against enormous odds, Indian women are transforming their lives.

This is one of many images that stayed with me after my trip through South Asia — a trip made more meaningful because I shared it with my 15-year-old daughter.

In each country we visited — Pakistan, India, Nepal, Bangladesh and Sri Lanka — we saw women struggling to overcome poverty, illiteracy, inadequate health care and deeply rooted cultural barriers, by joining together to increase their earning power. SEWA is but one example of how women have organized around their capacity as borrowers, lenders and savers to achieve greater economic autonomy for themselves and greater prosperity for their families.

The South Asian experience offers a simple lesson: that investing in people, especially women and girls, is as essential to the prosperity of the global family as investing in the development of open markets and trade.

Women comprise more than half of the world's population. They care for most of the world's children. And they do more than their share of the world's work. Investing in their education and health, and assuring their full political, economic and social participation in society, ought to be the bottom line in any development equation.

In country after country, women have demonstrated that, when given the tools of opportunity — education, health care, access to credit, political participation and legal rights — they can lift themselves out

of poverty and, more important, lift their families, communities and nations as well.

Education plants seeds of prosperity for women around the world. I saw examples of the way schools in South Asia are reshaping the social and economic landscape. The Prayas School in India is a volunteer effort, founded by wives of professors at the Indian Institute of Technology. The school serves the poorest women and girls in the neighboring slums of New Delhi, offering classes for young girls and training women to make ceramics, jewelry and other artifacts that they can sell for profit.

In Bangladesh, where the literacy rate for women is 29 percent (compared with 45 percent for men), a nongovernmental organization has established 27,000 schools, most of whose students are girls. A government-run school I visited in Bangladesh offers material incentives to parents to send their children, especially girls, to attend. As an American, I was proud to learn that many of the grass-roots enterprises I witnessed were succeeding because of direct assistance from the United States to governments, nongovernmental organizations or U.S.-supported international organizations such as the World Bank.

Like Bangladesh, Pakistan is developing its rural schools. At the Lahore University of Management Sciences, a center of higher learning in Pakistan built with support from the U.S. Agency for International Development, I saw dozens of young women who are training along with their male counterparts to become leaders of their nation's growing business and investment sectors.

These projects are proof that American aid, both financial and technical, has provided the tools of opportunity to those people and nations that have shown a courageous commitment to democracy and a market economy. Today, that American aid remains critical.

It probably bears mentioning that an emphasis on girls and women is not meant to exclude or diminish the rights or interests of men. Men everywhere face challenges and obstacles as they seek to fulfill themselves and their responsibilities to their families. But around the world, women represent a disproportionate number of the poor and vulnerable. Investing in women strengthens families and communities, which helps everyone in society.

The Washington Post.

Neither the Women's Kingdom Nor What We Have Now

By Liesl Schillinger

NEW YORK — This spring I have read "My Mother's House," the Modern Library's new edition of Colette's memoir of her childhood and of her mother. Colette's writing was warm, rich, funny and painful. It brought her long-buried family back to life, complete with their slow, full days, jealous and enveloping family loves, and uncomplicated daily rituals — the blue enamel pot for the hot chocolate, the bunch of just-picked flowers tied with a stem and tossed over a garden wall to a neighbor.

Colette painted a portrait of a time when families were still tribal and trapped together.

MEANWHILE

er. Reading her memoir, I recognized that a whole human sphere has died since she wrote it: the women's kingdom.

Men used to live in the women's kingdom, too. They left it to go to their offices or their plows, but they returned to it inexorably and unthinkingly for meals, for a fire, for human company. Food had to be made, and almost always, women had to make it, which meant more or less that men needed a permanent visa into the women's kingdom if they wanted to live in some comfort.

Women, in any case, could rarely leave it. As Colette painted her memory of her childhood house, with its damp stone walls, sagging wisteria arbors, painting dogs and gardens "where the smell of tomato leaves mingled in July with that of the apricots ripening on the walls," she invested her mother into every part of it, as the force that moved and sustained it.

Colette's mother, I realized, was the "angel of the house" Virginia Woolf wrote about early in this century, who she said would have to be sacrificed if modern woman was ever to be born.

Colette and her brothers would hide from their nearsighted mother when she came

looking for them in the coveted moments of stolen time before dinner. Her mother would call for them, nervous as a cat who had lost her kittens. "Children! Where are the children?" But they wouldn't answer.

Colette wrote: "My mother would throw back her head and gaze heavenward, as though waiting for a flock of winged children to alight from the skies."

Most of the women I know, and presumably many other American women, approach the question of having children with great wariness. Not only do we worry about the financial burden, the constraints on freedom, the loss in status and the physical challenge of childbearing, we remember growing up as the children of working women ourselves.

As we reach and pass the age when our mothers gave birth to us, we remember the resentment we felt that our mothers had other priorities besides us, even as we admit our respect for their careers and their minds, and appreciate that they showed us how to work and have a family at the same time.

And yet, like Colette, do we really want to repeat their lives? Can we raise children in today's world with any confidence that we can make them reasonably happy, while keeping ourselves reasonably sane?

This is a scary time to contemplate parenthood in America, not only for women but for men as well. The mission of parenthood once was to raise children to be smart, happy, productive and employable adults.

In fact, even fulfilling the old mission is beyond the reach of most Americans now. The sad truth is that the family life that conservative pundits are so eager for Americans to resume cannot be; it is a luxury that the country cannot afford.

The country cannot afford to keep wom-

en at home; therefore, women work even when they don't want to. And this punishes not working mothers, not working fathers, but the children, who grow up with patched-together care that their parents can ill afford, and with parents too busy earning their money to care for their children and the roofs over their heads to spend time with them.

All too often, parents live in the workplace, children at school; the home is a pit stop. And yet, whether or not anyone has time for it, children still need parental attention, just as they always have.

I remember something my younger brother said when my parents, exhausted from their careers, their household chores, their orchestration of our daily rehearsals and practices and applications and gym shoes, resisted his barking request for a new puppy.

"Surely we don't need a dog?" my father said to him, a little pleadingly. My brother, maybe 12 at the time, just looked down at his feet and said, "Well, it would just be nice to have someone in the house who was glad to see me when I got home."

"On the other hand — sure, let's get a dog," my father acceded heartily, thrown willy-nilly over the barrel of modern parental guilt.

Most Americans cannot afford a house, a car and the upkeep of two children and two adults on one salary. Champions of family values brunt the need for the American idyll on the floor of Congress, to cover up the sounds of that idyll's suffocation — the shortage of subsidized day care, the neglect of the public schools, where the children of the rich do not go.

Look at the airwaves and movie screens and you will see the real picture Americans have of family. There are no tomato vines and trellises, quiet children and hot chocolate, but a grotesque fun house mirror: the leering and malicious Bundys, for example, on "Married With Children." On the talk shows, the endless talk shows, young wives

tell their husbands that they never, ever loved them — publicly crucifying the young men for ever having believed in marital trust.

In the last century, children had to be accepted and dealt with. When Mark Twain remarked that "babies are an inestimable blessing and a bother," he spoke with an indulgence that bespoke inevitability. Everyone had babies, children were underfoot, you were stuck with the hand you were dealt, and there it was.

Today, birth control can guarantee that having children is a choice rather than an accident, and parents who plan excitedly for the arrival of a child do not anticipate the sacrifices that birth will bring.

Quarantined as they are by the adult office world, people forget that children will take all you can give and never say thank you, and they will always act as if you could have given more. And although they love you, they ultimately are more interested in your love for them. Children do not want to think about your happiness; they want you to think about their happiness. In other words: Children are exactly like the rest of us, only smaller.

And yet, most of us will one day have children, and face the consequences later. Because whether or not our culture is conducive to child raising, the ghost within us all which remembers running barefoot on green grass, waiting to taste too-hot strawberry pies, laughing to the point of tears with cousins, and sitting by the chlorine-smelling pool in the summers that have no hours — that ghost of childhood pleads with us to close our eyes and take a chance that everything will still be possible all over again.

In the boardroom and the bedroom, that ghost within us whispers whether we want it or not. "Where, oh where, are the children?"

Liesl Schillinger is a New York writer. This comment is abridged from an article in *The Washington Post*.

LETTERS TO THE EDITOR

A Difference for Asia

Of late, as a result of former Defense Secretary Robert McNamara's book, there has been renewed breast-beating in the United States about America's participation in the Vietnam War. Admittedly, American leaders had underestimated the power of local nationalism, and there was too much arrogance about America's capacities, both financial and military. However, it was the mighty presence of American forces in Indochina, with well-developed facilities to launch operations inland, that turned the tide in another, far more crucial, sphere.

In the 1960s, Chinese expansionism was at its peak, behind the audacious Mao. It was the growing American involvement in Vietnam

that persuaded China to practice restraint and caution at a crucial stage. It ultimately led to China seeking a modus vivendi with the United States — with results that changed contemporary Asian history. Americans did not die in Vietnam in vain.

NARENDRA SINGH, Sarila, India.

The writer is a former Indian ambassador to France.

A History on the Fringe

Regarding "The Far-Right Bombers Aren't New to the Job" (Opinion, May 2) by Frank Rich:

Mr. Rich links far-right terrorism in America to the anti-abortion movement. But it has a much longer history. Most conspiracy politics and

terrorist activity in the United States has come from rural areas and belongs on the conservative side of the political ledger, whether represented by Republicans or Democrats.

One thinks of the Ku Klux Klan reasserting white supremacy in the South through terror and "Bourbon Democracy" in the 1870s and 1880s; or of Father Coughlin's radio hate in the 1930s, applauded by Republican conservatives busy with their own vilification of Franklin Roosevelt as a "Communist." It was not the "pinko" Henry Wallace in the wartime '40s but the principled Republican Barry Goldwater in the prosperous '60s who said, "Extremism in the defense of liberty is no vice." Lyndon Johnson confided to his biographer that he kept the Vietnam War going for fear of a "right-wing" backlash simi-

lar to the "Who lost China?" smear campaign in the '40s and '50s.

And today, Pat Robertson, leader of the Christian Coalition, a conservative lobby, thinks that "cosmopolitan" bankers with Jewish-sounding names have been acting as agents of Satan since the 18th century.

Are Americans finding the Oklahoma City bombers hard to place in the American shape of things? Forget abortion clinic bombings, study American politics; American conservatives ought simply to look in the mirror. Maybe then they will understand that when the Black Panther H. Rap Brown said, "Violence is as American as apple pie," he was referring not just to Al Capone but to his fellow citizens.

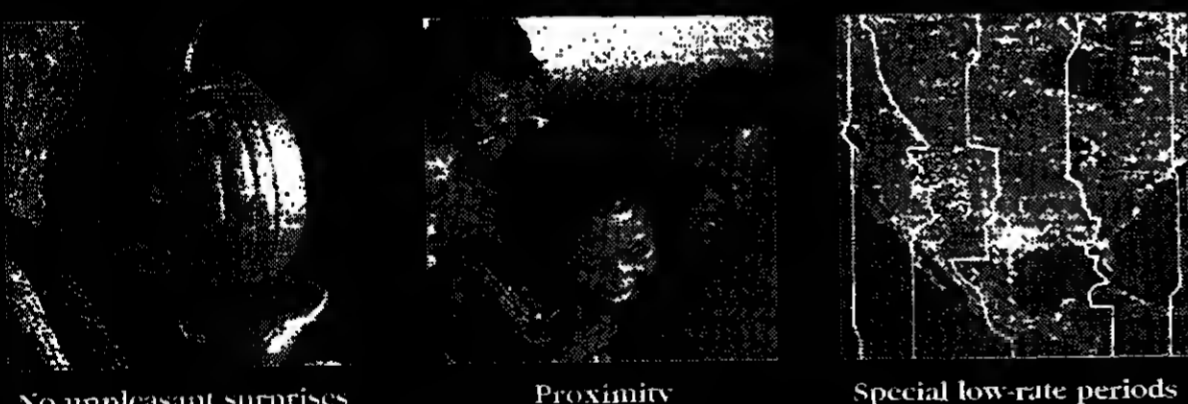
TRACY DANISON, Paris.

Canada Was Quite Right

The Law of the Sea treaty gives nations the right to "innocent passage." It gives no nation the right to plunder ocean resources, nor does traditional maritime law. The Spanish fishing vessels that were stopped by Canadian patrol boats were not engaged in "innocent passage." They were fishing illegally.

Canada should be congratulated. It has fulfilled an international responsibility after, in effect, finding Spain with its band in the till. The European Union's support of Spain made a mockery of what a united Europe should be. Brussels ought to have disciplined Spain and apologized to the world.

BARRY EDGAR, Epalinges, Switzerland.



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Based on French Summer Time, March 26 to Sept. 30, 1995.

Cannes: All the Bad News

By Joan Dupont
International Herald Tribune

CANNES — This year, the poster is not by Fellini or Kurosawa, as in festivals past, but a product of "electronic imaging," designed to evoke the history of world cinema. It shows a beach scene with sunlight penetrating black and white skies above a seascape of old stills. The famous "Gone with the Wind" embrace between Vivien Leigh and Clark Gable dominates, also riding the waves is the pandemonium scene from Eisenstein's "Battleship Potemkin," carriage bumping down the Odessa steps. And out of the prism, a pink-cheeked baby crawls to shore.

Gilles Jacob, announcing the selection for the 48th Cannes festival, which opens Wednesday, referred to this didactic and hideous poster, like a general demonstrating strategic points on the map. No doubt that it reflects a hodgepodge image that haunts festival organizers — stormy weather on the beachhead, the enduring power of Hollywood, with the baby representing a ray of hope.

The situation is not brilliant, said Jacob, who has been in charge of the selection process since 1979, after viewing a record 409 films this year. He emerged with a slate of 20. "I sound pugnacious because we saw so many films that have no artistic value or any vital reason for being made. And there's nothing more exhausting than seeing bad movies. The state of world cinema is bad. There's a real script crisis."

The first hundred years of cinema will be celebrated all during the festival. "Our cinema is the oldest, so we're celebrating ahead of other countries." The old-timers — Ford, Tarkovsky, Fellini — will be duly feted, favorites invited back, and, hopefully, a new generation of filmmakers launched.

Every year, Jacob goes to Los Angeles, scouting for fresh product, campaigning to win over wary studio chiefs who hesitate to commit films to the trial by fire of competition at Cannes. Recent Palme d'Or winners — "Sex, Lies and Videotape," "Barton Fink," "Wild at Heart," "Pulp Fiction" — were made by the smaller, independent studios and are tongue-in-cheek versions of the European film noir.

"If you describe the plot of 'Pulp Fiction,' it sounds impossibly gory, but the movie is made with so much humor. Americans seem to be the only ones who know how to turn out a script that suits the studio and the public. There's no war between America and Cannes, but Hollywood has a problem: if a film hasn't been released and had its run in the U.S., they don't want to take the risk of exposing it to criticism at Cannes. Directors like Spielberg and Woody Allen have submitted their films, but the people who produce blockbusters think twice."

James Ivory's "Jefferson in Paris," Nicholas Hytner's "The Madness of King George," and Tim Burton's "Ed Wood" have all had their run. The more risky American entry is "Kids," by photographer Larry Clark (known for a book titled "Teenage Lust"), an incendiary first film

that portrays teenage sex in the AIDS age and has already created a fracas within the Miramax-Disney partnership.

Cannes, the biggest international showcase for premieres, misses out on Hollywood's fresh crop of summer entertainment, the movies that pack in crowds. "We need the excitement of the premiere," admits Jacob.

The competition is rife with serious themes that treat the contemporary scene — sex, drugs, AIDS, wars and racial conflicts, from Burma to the Balkans, titles like "N'oublie Pas que Tu Vas Mourir" (Don't Forget That You're Going to Die) and "La Haine" (Hatred). Jacob insists on the note of renewal, of budding auteurs — that baby crawling out of the prism — saying that two ways of treating current events have been handed down by cinema's founding fathers, Louis Lumière and Georges Méliès.

The new generation of French filmmakers — Xavier Beauvois ("N'oublie Pas que Tu Vas Mourir") and Mathieu Kassovitz ("La Haine") — treats these themes directly, realistically, a tradition that dates from Lumière. The dramatic, romantic trend dates from Georges Méliès. Look at a movie like "In Cold Blood," [adapted from Truman Capote's book, directed by Richard Brooks] — the subject was realistic, *cinéma vérité*, the treatment dramatic.

There is a difference between American *cinéma d'auteur* and French *cinéma d'auteur*, says Jacob, because of the Hollywood influence on independent filmmaking. "In



The French film "La Cité des Enfants Perdus" by Marc Caro and Jean-Pierre Jeunet opens the festival at Cannes.

America, even the auteurs dream of being picked up by Hollywood." He makes an exception for Jim Jarmusch, a director who wears a certain French idea of cinema with style and is back with "Dead Man," a western.

"Jim's spin on the western is original and in black and white. We have several black-and-white films in competition and love the aesthetic choice."

The festival opens with a French superproduction, "La Cité des Enfants Perdus," by Marc Caro and Jean-Pierre Jeunet. This made-in-studio movie that cost as much as the classic "Cyrano de Bergerac," and looks more like the bizarre cult film "Brazil," has already pushed critics' '30s, Emir Kusturica's "Underground," a

directed "Delicatessen," have created another special effects universe, a dank underworld peopled with clones and monsters, where a character named Krank steals children's dreams. More Méliès than Lumière for sure.

Once again this year, the competition seems to be split between America and the rest of the world, which often means a French coproduction. Despite ongoing criticism of French "protectionism," France has a far-ranging policy of coproduction. Christopher Hampton's "Carrington," the odd love story between Bloomsburies Lytton Strachey and Dora Carrington, Zhang Yimou's "Shanghai Triad," about a gang war in China in the

love-hate buttons. Caro and Jeunet, who fable set in war-torn Belgrade, and Souleymane Clissé's "Le Temps," a film about apartheid in South Africa, are among French-funded films in competition.

Jacob considers "Carrington," starring Emma Thompson and Jonathan Pryce, a good example of the way to go. "The successful coproduction is not a European. It means financial input, and leaving the artistic choices to the director." "Playwright" and screenwriter Hampton makes his debut as director.

Rarely has a festival had so many titles that spell doom. A great one to watch for, "Things to Do in Denver When You're Dead," is a first film by Gary Fleder that is being shown in the non-competitive section known as "Un Certain Regard."



Toby Stephens, Emily Raymond and Kevin Doyle in "A Midsummer Night's Dream" at the Barbican.

The One the Abbey Turned Down

By Sheridan Morley
International Herald Tribune

LONDON — Sean O'Casey's "The Silver Tassie" is, ironically, most famous now for the circumstances and consequences of its original non-production. This was the play that the Abbey in Dublin turned down, thereby causing that theater to lose forever its greatest dramatist and O'Casey to lose forever his Irish homeland.

True, he was already in exile at the time he wrote it in 1927; but there had always been the thought that he might go back, at least until Yeats wrote him a rejection of the script on the rather curious grounds that as O'Casey had not fought the Great War he had no right to write about it, an argument that would similarly have denied the Abbey most if not all of Shakespeare, except possibly "The Merry Wives of Windsor."

In truth, even now in an admirable new revival at the Almeida, "The Silver Tassie" is a long way below the Dublin best of O'Casey, lurching as it

does from poetry to reality by way of apocalyptic fantasy, rather as though T.S. Eliot were to have written "Journey's End" or W.H. Auden were to have had a go at "Oh, What a Lovely War!"

Yet in there somewhere are some haunting, terrified and terrifying moments, as soldiers

huddle around a cannon or a crippled soccer hero destroys the trophy of the title.

Lynne Parker's staging celebrates what Shaw called "a hell of a play," moving it through battlefields and military hospitals and soccer-club dances to its final, awful conclusion of fate and futility and the betrayal of those who fought this war by those who lived to fight the peace.

In a strong cast, Stuart Graham, Brendan Coyle and Pat Laffan are outstanding.

An example of a nontraveling hit can currently be found at the Greenwich. Paul Rudnick's "Jeffrey" ran a couple of years off-Broadway, won the 1993

best-play award there, and yet comes over to us looking just terrible, as though a series of half-finished undergraduate cabaret sketches about gay life in New York had been cobbled together rather too quickly by the simple device of having one central character move through them.

From Larry Kramer's "The Normal Heart" over 15 years to Terrence McNally's "Love, Valour, Compassion," there have already been some truly powerful dramas about AIDS and that's not even counting the overblown "Angels in America." But "Jeffrey" is a travesty of that tradition: a mindless, giggly shambles, all the more shocking because it comes from the screenwriter of the "Addams Family" movies.

True, there is one good idea in this otherwise derelict, chaotic vaudeville: that of a showbiz-obsessed cleric ("I'm a Catholic priest — historically that comes between a chorus boy and florist") who believes that all sexual and social ills can be cured by reference to a Cameron Mackintosh musical.

Outside of that, not a lot. The plot such as it is concerns Jeffrey's decision to abandon sex ("How dare you?" shrieks his confessor, "when in Europe they're starv-

ing for a date") and then to return to it, by which time we are alas way past caring.

Into the Barbican from last summer at Stratford comes Adrian Noble's "A Midsummer Night's Dream" which barely opens with its own homage to the ground-breaking Peter Brook production of 1970.

Here too we first encounter Hippolyta on a swing trapeze. But from there, Noble takes off in his own direction with a modern-dress troupe who might well be in rehearsal for a Warwickshire amateur Ayckbourn, and his lovers are a self-regarding, querulous quartet.

Working on an initially rather bare Anthony Ward set, the cast intelligently holds the line between romantic melancholy and rustic farce.

Alex Jennings leads the doubling as Theseus and Oberon, playing both as genial tyrants, but all through the evening Noble is at pains to parallel the real with the fairy world, so that behavior is much the same on either side of the magical divide.

The result is an intriguing mirror-image of the play, in which a lively cast are given the chance to act out their fantasy and their real selves on stage in an enchanted kingdom shot through with sudden bursts of chilly, acid-rain reality.

Annie Lennox's Night at Grammys

By James Gavin

NEW YORK — Annie Lennox would rather not appear in public these days. But when she does, she makes an impression. Just before the release of her new album, "Medusa," in March, she agreed to present an award at the Grammys.

"Normally I shy away from that sort of thing," she says. "Then I thought, 'What the heck, I'm about to have a record out, people need to see me. I'll use this.' So I became an industry slut for the night."

To demonstrate her point, she wore a black leather dress and Mickey Mouse ears. Nobody watching seemed to have a clue what the get-up meant, but it was perfectly clear to her.

"I think Mickey Mouse is very sinister," she explains. "My children love him, all children love him, but Mickey Mouse is big because of dollars." The same is true of the Grammys, she says: "I wore the ears and the leather dress to connect the Mickey Mouse crown, if you will, with the fetishistic dark underworld of sex and whoredom that the Grammys represent. So I used the occasion, but also said something about it."

Now 40, the Scottish-born singer and songwriter has never been afraid to go out on a limb.

As half of the Eurythmics — the duo that ruled British technopop throughout the '80s — she took on the guise of a carrot-haired androgynous, a dyed-blond tart and a dozen other characters as a way of commenting on the masks people hide behind.

"Sweet Dreams (Are Made of This)," the single that launched her and her partner,

Dave Stewart, in 1983, made a chilling statement about greed and opportunism that came wrapped in pretty packages.

In 1992, Lennox took a mocking look at herself, naming her first solo album "Divas," it sold five million copies.

"Medusa" conspicuously makes no statement at all.

It consists solely of remakes of other people's songs: "Take Me to the River" (Al Green), "A Whiter Shade of Pale" (Procol Harum), "Downtown Lights" (Blue Nile) and so on.

The idea came of necessity: With two

young daughters, Lola, 4, and Tali, 2, to occupy her, not to mention her husband of seven years, the Israeli filmmaker Uri Fruchtmann, Lennox has not written a single song since "Divas."

"Medusa" has remained in the Billboard's top 20, despite many mixed reviews. Steve Morse, writing in The Boston Globe, called it a "strange side track" that "favors polite, stylized songs that wallow in mush."

But for other listeners, it exploits Lennox's greatest strength: her reedy, lashing alto voice with its touches of white soul.

"Medusa" inspired the singer Linda Ronstadt to call her "the best female rock singer from the '70s onward, hands down," adding, "There's emotion

permeating every brilliantly executed twist and turn."

And who will her fans get to feel that emotion in person? They won't, at least not soon. No tour is planned, and her managers are turning down nearly every offer.

Even before "Medusa" came out, Lennox seemed to be bracing herself for the inevitable: that a lot of critics would not take seriously an album of remakes.

She tried to sound philosophical about it: "If I know that I did my best, that the work is authentic to me, I just have to say, 'Well, they don't like it.'"

She lets out a nervous laugh, then adds, "Fair enough, you know."

James Gavin, who is writing a biography of the jazz trumpeter and singer Chet Baker, wrote this for The New York Times.



A Battle for the New 'Huck Finn'

By Deirdre Carmody
New York Times Service

NEW YORK — The battle between book publishers for the rights to the original draft of "The Adventures of Huckleberry Finn," which includes unpublished material, has begun in earnest now that the three parties claiming ownership have reached their own settlement.

The discovery in 1990 of the first half of the handwritten manuscript, which had been presumed lost for more than 100 years, provides a gold mine for scholars.

Victor Doyno, a professor of English and American literature at the State University of New York at Buffalo and president of the Mark Twain Circle of America, likened it to "the British finding a working manuscript of

"King Lear" or "Hamlet."

Publication of the first piece of the manuscript is scheduled for the fiction issue of The New Yorker, which comes out June 19. It involves a conversation in a cave between Huckleberry Finn and Jim, the runaway slave. They discuss ghosts, and Jim describes a terrifying experience in a morgue in which he wrestles with a corpse.

"It is morbid, but it is brilliant, and it works as a self-contained story and a magazine piece," said Bill Buford, fiction editor of The New Yorker, who declined to say what the magazine paid for rights to the piece. "To be in the hands of the master again is so rewarding, and it calls into mind why you want to bother to publish contemporary fiction."

David T. Eames, a lawyer who represents Barbara Testa,

who found the manuscript, and her sister, Pamela Lindholm, said that he had had "extensive negotiations with book publishers" about rights to the draft.

Patrick Martin, general counsel for the Buffalo & Erie County Public Library, another involved party, said his client was talking to publishers about possible publication rights.

The race among publishers comes on the heels of a squabble among the parties who have claims to the material.

It dates back to 1885, when James Fraser Gluck, a young attorney in Buffalo, New York, began to assemble a collection of manuscripts and letters of important authors of the English-speaking world.

He wrote to Samuel L. Clemens — who used the nom de plume Mark Twain and who 15 years earlier had been editor and part-time owner of The Buffalo Express — and asked him to donate material to the library in Buffalo.

Clemens replied by sending the second half of the original draft of "The Adventures of Huckleberry Finn," which had been published that year. He said he thought the first half had been destroyed by the printer.

Two years later Clemens found the first half and sent it along. Gluck apparently took it from the library, but failed to return it.

He died the following year and the manuscript, which had no library markings, was turned over to his widow by the executors of the estate. She eventually moved to California to be near her daughter and the trunk

containing the manuscript went with her. It was finally opened by Testa.

The manuscript was taken to Sotheby's in 1991 for authentication. At this point, the Buffalo & Erie County Public Library claimed the manuscript as its own, while the Mark Twain Foundation in New York City laid claim to the intellectual property rights.

A settlement was finally reached in which the sisters, the library and the foundation agreed in essence to split proceeds from the material.

A most important aspect of the newly discovered manuscript is that it is filled with revisions in Clemens' handwriting and illustrates his process of work and his changes of mind. (One chapter in the manuscript was eventually removed from Huckleberry Finn and ended up in "Life on the Mississippi.")

ANOTHER change involves the "Notice" at the beginning of the novel: "Persons attempting to find a motive in this narrative will be prosecuted; persons attempting to find a moral in it will be banished; persons attempting to find a plot in it will be shot." The early draft does not contain the part about a moral.

"I think in the very beginning he had not planned to have it be a novel of Jim's liberation," said Doyno. "And only after it became an important book about human liberation and developing individual integrity did he put in the middle phrase about people intending to find a moral."

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In this Thursday's HEALTH/SCIENCE

What's that Tune?

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Jeffrey in 1992

EUROPE

Profitable Hanson Is Quiet on Plans For Expansion

Compiled by Our Staff From Dispatches
LONDON — Hanson PLC said Tuesday a strong performance by its U.S. businesses helped first-half pretax profit rise 80 percent, but it had next to nothing to say about the main subject of analysts' and investors' speculation: its acquisition plans.
Hanson, whose main businesses include chemicals, coal mining, tobacco products, building materials and forest products, said it had profit before taxes and special items of \$633 million (\$992.3 million) in the six months ended March 31, compared with \$351 million a year earlier.
Hanson also said its plan to shed 34 U.S. businesses at the end of this month — which won shareholder approval Tuesday — would "enhance the scope for acquisitions as future opportunities arise." It refused to elaborate on its plans.
"They never say anything about acquisitions in advance," said Zafar Khan of SGST Securities. "It's not their style."
Hanson said operating profit

Allied Domecq Shares Fall As Brewing Profit Drops

Bloomberg Business News
LONDON — Shares in Allied Domecq PLC fell 2 percent Tuesday, as earnings from its brewing division declined and analysts lowered their profit forecasts.
The British food-and-beverage company said pretax profit rose 21 percent, to £716 million, while sales rose 11 percent, to £6.13 billion. Profit before one-time gains, however, rose just 12 percent, to £701 million.
The company said operating profit at Carlsberg Teltley, its brewing joint venture with Carlsberg A/S of Denmark, fell 21 percent, to \$67 million, even as sales rose 1 percent.
Allied Domecq's stock fell 12 pence, to 543 pence.
The company warned that brewing and food profits over

'Mazel Tov' and Memories Vodka Sales Fund Polish Foundation

**By Brandon Mitchener
International Herald Tribune**
WARSAW — When Sigmund Nissenbaum thinks about the country where he grew up, his thoughts invariably turn to Jewish culture and the restorative properties of kosher vodka.
But as chairman of the Nissenbaum Foundation, Poland's first postwar private foundation, the energetic 68-year-old survivor of Auschwitz and Treblinka has made it his life's mission to restore hundreds of Jewish cemeteries, synagogues and other cultural sites to their original state.
That most of the foundation's income is generated by the sale of kosher vodka to Polish people who are Catholic is an irony not lost on Mr. Nissenbaum, who settled in southern Germany after World War II. But it has never been an obstacle.
"The most important thing is not to have a headache the next day," he said. "Poles drink vodka like the French drink wine. They know what's good."
Indeed, kosher vodka has been so successful in Poland that its production propelled the foundation into the list of the country's 500 biggest companies.
While about a third of the foundation's vodka, whose brand name is Niskosher, is sold abroad, the majority is sold in Poland, where it has spawned numerous imitations. One store in Warsaw's tony Royal Way recently boasted 15 different kinds of vodka marked kosher.
Only one, however, said Mr. Nissenbaum, is real. "Except for Finlandia, ours is the only vodka in Europe approved by the Orthodox Union," he said, referring to a New York organization that judges the purity of kosher foods. "Sure, it's copied, but that's good for us because the people know what's real."
Some Poles swear Niskosher vodkas are the country's best. Dariusz Fabrykiewicz, a bartender at the Hotel Bristol, said Nissenbaum's was as good or better than Dobry and Zubrowka, two of Poland's oldest brands. "It's normal vodka, but the production is very clean," he said, offering a taste.
Mr. Nissenbaum said that every container used in the distillery was made to order, that grains used were specially selected, that distillation was constantly supervised according to Orthodox traditions and that no one was allowed to work on Saturday, the Jewish Sabbath. "A rabbi's blessing isn't enough," he said.
The company sells dozens of different kinds of vodka, varying in strength and flavor. The best-selling varieties, labeled luxury vodka, are 40 percent alcohol.
According to Polish government figures, the foundation made a 1994 profit of 45 million zlotys (\$1.8 million) on sales of 1.06 million zlotys. The state-owned Polmospiro conglomerate, which still dominates the Polish market, posted a profit of 104 million zlotys on sales of 2.6 million zlotys.
But as successful as the foundation's vodkas have become, the Nissenbaums still regard them as a means to an end. "There was no other way to finance the maintenance of the cultural sites," said Mr. Nissenbaum's wife, Sonia. Though he harked from the brick business himself, Mr. Nissenbaum was inspired by the memory that relatives made distilled spirits in Poland before World War II.
■ **McDonald's Goes Kosher in Israel**
Hold the cheese on that Big Mac. McDonald's is opening its first kosher restaurant in Israel, Reuters reported from Jerusalem.
McDonald's Corp.'s subsidiary in Israel said Tuesday that its new restaurant in Rehovot, south of Tel Aviv, would be its first to adhere to Jewish dietary laws banning the mixing of dairy and meat products. Scheduled for a July opening, the restaurant will be closed on the Jewish Sabbath and on holidays.
Burger King Corp., McDonald's main rival, already has a kosher branch in Jerusalem.

ENI Moves to Top of Privatization List

Compiled by Our Staff From Dispatches
MILAN — Prime Minister Lamberto Dini of Italy said Tuesday that the energy concern Ente Nazionale Idrocarburi SpA would be the next major state-owned company to be privatized. The move was welcomed by analysts who predicted strong demand for stock.
Mr. Dini told the Italian newspaper La Repubblica that 10 to 15 percent of the company, known as ENI, would be placed on the market this autumn. He added that initial share offerings of the state telecommunications company Societa Finanziaria Telefonica SpA, known as STET, and the electricity concern Ente Nazionale per l'E-

Waigel Supports Franc Fort

Bloomberg Business News
PARIS — Finance Minister Theo Waigel of Germany said Tuesday he backed France's long-standing franc fort policy.
In an interview with the French business daily La Tribune Desseins, Mr. Waigel was asked whether he thought the strong-franc policy, which aims to shadow German interest rates, had hurt the French economy.
"For more than a decade, France has been leading a monetary policy that pursues stability. Thanks to it, it broke free from the vicious circle of devaluations and inflation," Mr. Waigel said.
"French monetary policy today enjoys a great degree of credibility on the international scene, which has been reinforced with the independence of the Bank of France in early 1994," he said.
The Bank of France, which used to be under the control of the finance minister, was made independent last year.
During negotiations leading to the 1991 Treaty on European Union, Germany insisted that would-be participants in monetary union should set their central banks free from potential government pressures.
The treaty sets two possible deadlines for a monetary union: January 1997, or January 1999.
Mr. Waigel said the 1999 date "seems a realistic base." Regarding the dollar, Mr. Waigel said its fall had been overdone.

Investor's Europe									
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40							
2155	2300	2055							
2100	2220	1955							
2050	2140	1850							
2000	2060	1775							
1950	1980	1700							
1900	1900	1625							
1850	1820	1550							
1800	1740	1475							
1750	1660	1400							
1700	1580	1325							
1650	1500	1250							
1600	1420	1175							
1550	1340	1100							
1500	1260	1025							
1450	1180	950							
1400	1100	875							
1350	1020	800							
1300	940	725							
1250	860	650							
1200	780	575							
1150	700	500							
1100	620	425							
1050	540	350							
1000	460	275							
950	380	200							
900	300	125							
850	220	50							
800	140	-25							
750	60	-100							
700	-20	-175							
650	-80	-250							
600	-140	-325							
550	-200	-400							
500	-260	-475							
450	-320	-550							
400	-380	-625							
350	-440	-700							
300	-500	-775							
250	-560	-850							
200	-620	-925							
150	-680	-1000							
100	-740	-1075							
50	-800	-1150							
0	-860	-1225							
-50	-920	-1300							
-100	-980	-1375							
-150	-1040	-1450							
-200	-1100	-1525							
-250	-1160	-1600							
-300	-1220	-1675							
-350	-1280	-1750							
-400	-1340	-1825							
-450	-1400	-1900							
-500	-1460	-1975							
-550	-1520	-2050							
-600	-1580	-2125							
-650	-1640	-2200							
-700	-1700	-2275							
-750	-1760	-2350							
-800	-1820	-2425							
-850	-1880	-2500							
-900	-1940	-2575							
-950	-2000	-2650							
-1000	-2060	-2725							
-1050	-2120	-2800							
-1100	-2180	-2875							
-1150	-2240	-2950							
-1200	-2300	-3025							
-1250	-2360	-3100							
-1300	-2420	-3175							
-1350	-2480	-3250							
-1400	-2540	-3325							
-1450	-2600	-3400							
-1500	-2660	-3475							
-1550	-2720	-3550							
-1600	-2780	-3625							
-1650	-2840	-3700							
-1700	-2900	-3775							
-1750	-2960	-3850							
-1800	-3020	-3925							
-1850	-3080	-4000							
-1900	-3140	-4075							
-1950	-3200	-4150							
-2000	-3260	-4225							
-2050	-3320	-4300							
-2100	-3380	-4375							
-2150	-3440	-4450							
-2200	-3500	-4525							
-2250	-3560	-4600							
-2300	-3620	-4675							
-2350	-3680	-4750							
-2400	-3740	-4825							
-2450	-3800	-4900							
-2500	-3860	-4975							
-2550	-3920	-5050							
-2600	-3980	-5125							
-2650	-4040	-5200							
-2700	-4100	-5275							
-2750	-4160	-5350							
-2800	-4220	-5425							
-2850	-4280	-5500							
-2900	-4340	-5575							
-2950	-4400	-5650							
-3000	-4460	-5725							
-3050	-4520	-5800							

NYSE

Tuesday's 4 p.m. Close

Nasdaq prices, not reflecting late trades elsewhere
The Associated Press

12 Month	High	Low	Open	Close	Volume	12 Month	High	Low	Open	Close	Volume
IBM	125.00	120.00	122.00	121.00	1,200,000	Microsoft	65.00	63.00	64.00	64.00	1,500,000
Apple	55.00	53.00	54.00	54.00	800,000	Oracle	45.00	43.00	44.00	44.00	600,000
Amazon	15.00	14.00	14.50	14.50	400,000	Google	10.00	9.50	9.80	9.80	300,000
Yahoo	25.00	24.00	24.50	24.50	500,000	Alibaba	8.00	7.50	7.80	7.80	200,000
Netflix	12.00	11.50	11.80	11.80	100,000	Spotify	6.00	5.50	5.80	5.80	150,000
Twitter	3.00	2.80	2.90	2.90	50,000	LinkedIn	4.00	3.80	3.90	3.90	30,000
Facebook	18.00	17.00	17.50	17.50	100,000	Instagram	2.00	1.80	1.90	1.90	20,000
WhatsApp	1.50	1.40	1.45	1.45	10,000	Telegram	0.80	0.75	0.78	0.78	5,000
Slack	2.50	2.30	2.40	2.40	15,000	Zoom	1.20	1.10	1.15	1.15	10,000
Dropbox	1.80	1.70	1.75	1.75	8,000	OneDrive	0.90	0.85	0.88	0.88	5,000
Google	10.00	9.50	9.80	9.80	300,000	Microsoft	65.00	63.00	64.00	64.00	1,500,000
Amazon	15.00	14.00	14.50	14.50	400,000	Apple	55.00	53.00	54.00	54.00	800,000
Netflix	12.00	11.50	11.80	11.80	100,000	Spotify	6.00	5.50	5.80	5.80	150,000
Twitter	3.00	2.80	2.90	2.90	50,000	LinkedIn	4.00	3.80	3.90	3.90	30,000
Facebook	18.00	17.00	17.50	17.50	100,000	Instagram	2.00	1.80	1.90	1.90	20,000
WhatsApp	1.50	1.40	1.45	1.45	10,000	Telegram	0.80	0.75	0.78	0.78	5,000
Slack	2.50	2.30	2.40	2.40	15,000	Zoom	1.20	1.10	1.15	1.15	10,000
Dropbox	1.80	1.70	1.75	1.75	8,000	OneDrive	0.90	0.85	0.88	0.88	5,000

IBM, Microsoft, Apple, Oracle, Amazon, Google, Netflix, Twitter, Facebook, WhatsApp, Slack, Dropbox, Zoom, OneDrive, Instagram, LinkedIn, Telegram, and other tech stocks saw significant trading volume on Tuesday. The market was generally volatile, with many stocks experiencing sharp price movements. IBM and Microsoft were among the most active, with IBM seeing a slight decline and Microsoft showing a small gain. Apple and Google also saw notable trading activity, with Apple ending the day flat and Google showing a slight increase. Amazon, Netflix, and Twitter continued their upward trends, while Facebook, WhatsApp, Slack, and Dropbox saw some consolidation. Zoom and OneDrive also showed signs of recovery, while Instagram and LinkedIn remained relatively stable. Telegram saw a slight decline, but overall, the tech sector showed resilience despite the market's volatility.

The market's performance on Tuesday was characterized by a mix of gains and losses across various sectors. Tech stocks, which have been a major driver of the market's recent performance, continued to dominate the trading volume. However, there were also significant movements in other sectors, including healthcare, financials, and consumer goods. The overall market sentiment was cautious, with investors closely watching the Federal Reserve's policy decisions and the ongoing economic data. The Dow Jones Industrial Average ended the day with a slight gain, while the S&P 500 and Nasdaq Composite Indexes showed more mixed results. The volatility in the market suggests that investors are still uncertain about the future direction of the economy and the impact of the Federal Reserve's actions. Despite the challenges, the tech sector's performance remains a key focus for investors and analysts alike.

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TELECOMMUNICATIONS & DEVELOPMENT

RIDING THE INFORMATION HIGHWAY IS ESSENTIAL TO SUCCESS IN 21ST CENTURY

Economic development depends on reaching the 50 percent of the world that has never made a phone call.

The international telephone network has often been described as the world's largest machine. There are close to 1 billion telephones in use worldwide, almost every one of which can be used to dial any one of the others. And the call, whether across the street or across the globe, will be put through within seconds.

In addition to ordinary fixed telephones, many other telecommunication tools are playing an increasingly important role in our lives, ranging from fax machines and mobile phones to hole-in-the-wall automatic teller machines or computer-to-computer links via the Internet. Our work and social lives would be radically different if it were not for telecommunications.

Yet 50 percent of the world has never made a phone call. For the most part, that 50 percent lies south of the Mediterranean.

The North-South divide affects all sorts of things, of course, besides telecommunications. And there are priorities ahead of good telecommunications, such as a sufficient supply of good food and water, shelter and clothing. But all too often the value of telecommunications in developing economies is underestimated.

Just as railroads were seen as the key to economic development in the 19th century and roads and highways for the best part of the 20th century, telecommunications is increasingly being recognized as the key to successful economic development in the information society of the 21st century.

Vital in emergencies

The telephone is not just a socially useful tool. It is key to health care — medical help is only effective if a doctor can be reached quickly; it is fundamental to all sorts of commercial activities, ranging from finding a plumber to repairing a broken tap to trading stocks and shares; and it is vital in emergencies. One of the first things U.S. forces did when they began their relief operation in Somalia, for example, was to set up a mobile phone system because the local telephone infrastructure was inadequate.

The big question is how to finance the necessary development. According to the World Bank, some \$55 billion (about 10 percent of the world's annual spending on telecommunications) will be needed every year over the next six years to build up basic networks in the developing countries and the former Eastern bloc. Opinions vary markedly about how that money is to be found.

The high-income countries, which account for 15 percent

of the global population, have 71 percent of the world's telephone lines, according to studies carried out by the International Telecommunications Union, the United Nations body charged with regulating the world's telecommunications. In those countries, the necessary infrastructure has been largely self-financing.

Revenue generated

The revenues generated by the use of telecommunications in the developed countries more than adequately pays for the equipment used. The 24 countries belonging to the Organization for Economic Cooperation and Development generate 85 percent of the world's telecommunication service revenues. In fact, this income provides an impressive additional source of income for the states involved — in the form of a shareholder's dividend, a levy or through taxes.

In the developing world, the countries in most desperate need of telecommunications infrastructure simply cannot afford to pay for the initial push toward integration into the global market. Without that integration, they are unlikely to earn the money to pay for the infrastructure — a classic Catch 22 situation.

In addition, given the colonial histories of many developing countries, their governments are often reluctant to liberalize the telecommunications sector, fearing a new form of exploitation from the North. That has the effect of making these countries undesirable as a place for foreigners to make the necessary investments — another Catch 22.

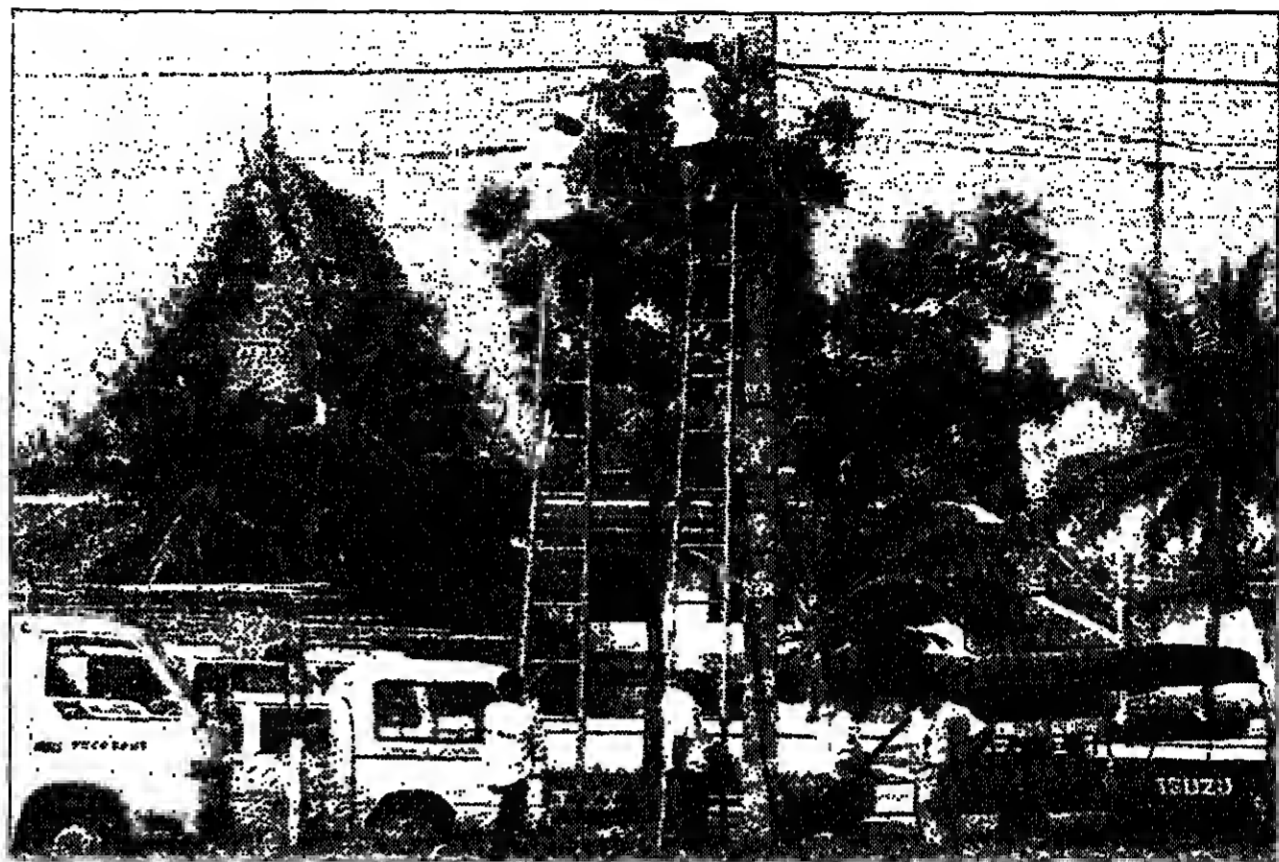
Making an impact

Those are the problems, but what are the solutions?

One option may be to divert some of the aid and investment finance already going south away from roads and dams and into telecoms. This is already being done to some degree, but the volumes involved are nowhere near enough to make any real impact. Telecommunications infrastructure does not come cheap.

Another option may be to offer as aid some of the still very usable analogue equipment currently being decommissioned in the richer countries to make room for digital technology. This option sounds patronizing — but what else is development aid?

A third option may be to risk the exploitation that liberalization might bring in the hope of achieving the benefits of a better telecoms infrastructure. The most desirable option would be some form of self-help.



Some \$55 billion will be needed every year over the next six years to build up basic networks in developing countries.

A number of studies on the development of infrastructure around the world have shown that the single most important factor appears to be the ability of the local telecoms authority to reinvest its profits into the network. The North has often done the best job of building a network and keeping it abreast of technological advances, but this does not always happen in the Southern Hemisphere. The profits often go into a general treasury and get spent elsewhere, and the countries have to look continually to outside funds that are often not available.

This may be changing, however. Over the last few years, there have been some grounds for optimism.

Inward investment

In Central and South America in particular there has been a considerable shift of development emphasis toward telecommunications in recent years. And governments there have not avoided foreign assistance.

Five years ago, Chile and Mexico had some six telephone lines to cater to every hundred head of population. Privatization and liberalization programs in both countries have brought considerable inward investment, and both countries have more or less managed to double telephone line penetration.

Technology is helping, too. Cellular mobile telephone networks are relatively cheap and quick to build. Many developing countries have now licensed joint ventures between local and foreign organizations to build and operate such networks.

The hope is that, once revenues start to flow from such ventures, the profits will be plowed back into improving the telecommunications infrastructure and that telecommunications will become available to more than the privileged few. The resulting benefits for the economy could then become a major factor in narrowing the North-South divide.

Peter Parton

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TELECOMMUNICATIONS AND DEVELOPMENT

PRIVATIZATION CAN BRING MANY-SIDED BENEFITS

The sale of nationalized telecoms offers more than just cash for asset-starved governments.

The number of countries privatizing all or portions of their telecommunications authorities is set to reach a new peak this year.

During the first four years of the 1990s, in countries that included the Netherlands and Hungary, the partial or complete sale to investors of publicly owned telecoms represented the cornerstone of many national privatization programs.

This trend is still gathering steam. Set for sale in 1995 are stakes or financial interests in the telecoms in Thailand, Pakistan, the Czech and Slovak Republics, Turkey, Nigeria, Portugal, Italy, Pakistan and probably Indonesia and Belgium. Each of these deals is dominated in billions of dollars, but the real blockbuster has been tabled for 1996: the public offering of Germany's Deutsche Telekom

AG, which will be the largest transaction of its kind in the country's history.

The willingness of these governments to part with their telecoms seems paradoxical. The telecoms are, after all, the most productive and reliable of all state-owned cash cows, along with national lotteries and tobacco monopolies.

A need for cash partially accounts for this willingness. No matter how rocky the country's economic and political situation is, or how listlessly its privatization program is unfolding, the telecoms are sure-fire sellers, and thus often the main salable assets of cash-starved governments.

Diversity of forms

The main reason for the government enthusiasm, however, is often the useful diversity of forms these transac-

tions can assume. A telecom privatization can be configured to allow the national government to retain a controlling "golden share," as in Hungary. It can even be carried out without any final relinquishing of public-sector ownership of the telecom, as in Nigeria's planned "contract leasing" arrangement.

Privatization can be done on a one-step-at-a-time basis, with the individual size and price of the equity tranches being set to meet prevailing market and political circumstances. Germany (the first tranche of Deutsche Telekom's stock offering will yield 15 billion Deutsche marks, the equivalent of \$10.95 billion), Italy, Pakistan and Belgium are prominent examples.

Privatization can even be structured to occur without causing any immediate change in the telecom's op-

erations. While waiting for its privatization to make it through various negotiations, Belgacom is set to receive a large infusion of private capital via the issuing of bonds. Latvia's telecom has entered into a joint venture whose scope and scale far exceed the country's previous telecom operations.

Equally gratifying to national governments are the ancillary benefits issuing from successful privatizations. These often include the boosting of share ownership by the "common people," and access to advanced technologies and the expertise required to operate them.

Rates of growth

The benefit to investors is often clear. "An apparently failure-proof investment" is how Germany's business daily, Handelsblatt, recently

described the country's telecom privatization. It cited the strong rates of annual growth of the world's telecom markets. The newspaper also lauded the unequalled "transparency" inherent in the telecoms sector — because telecom transactions are relayed via central technical units, they are easy to monitor.

The fact that the monopolies enjoyed by the national telecoms in their core areas of operation — standard speech and fax services — are often coming to an end exposes some of the privatized telecoms to fierce competition. Originally scheduled for 1998 for EU member countries, the dismantling of these monopolies has been moved up in nearly all European countries.

Competition is also growing from mobile telephony and satellite-based and com-



The public offering of Deutsche Telekom will be the largest transaction of its kind in Germany's history.

puter-based systems, all of which have generally been open to private-sector suppliers from their inception.

The track records of previously privatized telecoms show an unexpected adeptness in entering new national and sectoral markets.

British Telecom, which in 1984 became the first of Eu-

rope's major telecoms to be privatized, is forecasting a 21 percent rate of profitability for the 1994-95 financial year. It is active in many of the world's national and sectoral communication markets, including the U.S. (through a stake in MCI), in Germany (through its Viag InterKom joint venture) and

in Europe's transnational financial services sector (through its stake in Spain's Banco Santander).

BT also operates Great Britain's Cellnet mobile telephone network, which registered a 40 percent rate of subscriber growth in 1994.

Terry Swartzberg

Join the half a million people who will be TRACKING TELECOMS this fall via the International Herald Tribune.

During Telecom 95 (Geneva, Oct. 3-11, 1995), the IHT will publish a Special Report followed by seven Sponsored Sections in its worldwide edition.

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- October 6: Entertainment
- October 7: Broadband Communications
- October 9: Communications and Computing
- October 10: Personalized Services
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As a complement to the print supplements, the IHT plans to publish a multimedia CD-ROM called Tracking Telecoms. The IHT will also benefit from special distribution at the show and at hotels in and around Geneva.

A limited number of sponsorship and other commercial opportunities are still available.

For a full description of the Tracking Telecoms project please contact:

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Tracking Telecoms via the



THE WORLD'S DAILY NEWSPAPER

CHINA PREPARES TECHNOLOGY LEAP

The big opportunities are in the equipment market.

Over the last 15 years, communications systems have helped pull China out of isolationism and into the modern world, and industry experts now hail China as the world's most significant telecom market.

Now China telecoms czars have set themselves even more ambitious targets, adding new lines at the rate of 12 million a year as part of a government drive to double the present capacity by 2000.

The thirst for better communications means the Ministry of Posts and Telecommunications and its new rival, China Unicom, have turned few foreign companies away. They are looking for increased investment from companies like Motorola, which currently leads China sales of mobile communications equipment, and Finnish Nokia, its chief rival, as well as AT&T, Siemens, Canada's Northern Telecom, Japanese giant NEC and France's Alcatel. Total foreign investment is expected to reach \$1.5 billion in 1995 alone, with \$7.7 billion predicted for the next five years, 15-18 percent of total investment in the sector.

"China's telecoms and information industry are still very backward," says Minister of Posts and Telecommunications Wu Jichuan. "But they are in the heyday of development. The market potential is tremendous."

As far as foreign companies are concerned, the best market potential requires that foreign entrance be allowed into the general telecoms market. At present, foreign investment is allowed only in the telecommunications equipment market, and this policy is not likely to change in the near future.

New competition

Instead, reform is coming from a newly kindled competition between traditional monopoly-holder MPT and China Unicom, a joint venture between railways, electronics, power and other enterprises with access to telecoms networks. Between the two, and with the help of foreign technology, China plans to create one of the most technologically advanced digital communications systems in the world.

The installation of 100 million digital switching systems by the year 2000 and the expenditure of over \$40 billion in the telecom sector are just the beginning of the bonanza. Liu Cai, head of MPT's Policy and Regulations Department, predicts that 30 percent to 40 percent of all urban residents and 6 percent to 8 percent of all households nationwide will have telephone service by the turn of the century, with a total of approximately 114 million lines.

AT&T alone will spend more than \$150 million over the next two years, doubling its present China work force of 1,000 and helping China build an "information superhighway." This high-speed digital system transmitting voice, image, data and video and linking Hong Kong and Guangdong Province will bring China closer to the advanced communications countries of the Western world.

Nick Driver

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TELECOMMUNICATIONS AND DEVELOPMENT

INTERNET BOOM SENDS MESSAGE TO ENTERPRISES: GET CONNECTED

In a few years, there may be more people talking to each other on Internet than on the telephone.

As a tool for development, the Internet almost defies description. Since its inception some 14 years ago, the Internet has exploded from a small community of academics and government agencies who shared their information resources to a mass system open to anyone who provides, uses, promotes or funds information systems and infrastructure.

"Explosion" is an understatement. In the first years of its existence, the Internet had about 2,000 hosts, or discrete systems, as participants. In the last eight years, this number increased to 1 million. And in five years from now, the Internet Society estimates, the number of hosts will reach 100 million.

Traffic on one Internet service alone, the World Wide Web, grew at the rate of 341,000 percent in 1993. If this growth pattern persists, reports Anthony Rutkowski, executive director of the Internet Society, "some have calculated that in three years Web traffic will exceed the total world voice communication traffic." In other words, there will be more people talking to each other on the Internet than on the telephone.

"We are watching it grow before our eyes," Mr. Rutkowski says.

Commercial nature

Although most early Internet activity and innovation occurred in the United States, 98 percent of network growth in 1994 took place elsewhere. Traffic is currently being routed to networks in more than 90 countries, and the overwhelming majority of these are commercial in nature.

Europe and the Asia-Pacific region have shown the greatest amount of activity, especially in countries with large GNP's.

Peripheral networks, such as France's Minitel, Apple's AppleLink, and e-mail linkages from AT&T, MCI and others have extended the Internet's reach to 168 countries, roughly 30 million people and almost five million individual computers. The implications of such extensive global communications include using the Internet for development in less industrialized countries, even in those in which computer and telephone penetration are scarce.

Indicators for mass "Internetability" include the number of PCs per 1,000 population, the percentage of homes with PCs and the percentage of homes with modems. In all three indicators, the United States leads Europe and Japan, though in the percentage of homes with modems, Japan comes close to the United States. The rest of the world trails far behind.

Technological base

David Moschella, senior vice president of International Data Corp., an industry research group, says, "The value of Internet for developing countries is not in the home, but in business. It makes it easier for businesses to send and receive information. Among such countries, Mexico and Brazil, with their consolidated telecommunications industries, have no trouble in connecting. All they need is a standard phone link. Eastern Europe is another developing area where the Internet should have early success. The technological base there is strong, and links existed from Russian universities to the West even during the Cold War."

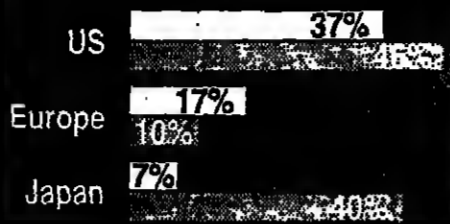
China has its own Internet link, Cernet, accessible in 700 cities via local dial calls. Plans are under way to link the country's more than 1,000 universities by the end of the decade. According to Cernet's chief, Wu Jianping, technical means have been implemented to eliminate user access to pornography or what are considered politically disruptive ideas.

This underscores the political problems that stand in the way of Internet access in some developing areas. Because computers and peripherals are an essential part of Internet growth, national practices that heavily tax and restrict computer imports have a negative effect on Internet diffusion. Highly regulated, often expensive telephone systems also impede growth, which partly explains why the Internet has not grown as quickly in Europe as it has in the United States. Loss of information control is an aspect of Internet growth most feared by unstable governments.

These issues will be examined in June at the Internet Society's 1995 International Networking Conference and in October at the International Telecommunication Union's Telecom '95 show/conference. October 8 has been designated Development Day.

GLOBAL COMPETITIVENESS

Internet activity will expand as more and more homes have personal computers and modems.



Homes with PC
PC homes with modem

EXECUTIVE TOY OR DEVELOPMENT TOOL?

Some 40 percent of new lines being installed in developing countries are using cellular technology.

In the industrialized world, the sight of someone talking animatedly on a cordless phone on the street or in a car has become commonplace. It is hard to remember that the concept of cellular radio phone systems was first conceived only 25 years ago and that cellular networks have existed commercially only since 1981.

Since that date, the number of cellular subscribers worldwide has grown from zero to 40 million. According to Per Bengtsson, a spokesman for Ericsson, a leading supplier of mobile telephones, there will be 160 million to 200 million subscribers in over 120 countries within the next five years. By that time, mobile networks are likely to have more subscribers than today's fixed public networks.

Currently, the leaders in cellular phone use are the Scandinavians, with penetration in Sweden, Finland and Norway exceeding the 10 percent mark, seen as the threshold to the mass market. Below that level, experts believe, tariffs and terminal prices will remain high, and cellular phones will continue as executive perks rather than essentials for consumers and small businesses.

Significantly, some 40 percent of new lines being installed in developing countries are using cellular technology. For example, in the last year alone the People's Republic of China agreed to buy Ericsson equipment worth \$375 million to develop its telecommunications infrastructure in Liaoning and Szechwan Provinces.

Next door, Hong Kong has one of the most sophisticated telephone systems anywhere. It is 80 percent digital, boasts a high percentage of hand-held portables and - not incidentally - is privately run (by Britain's Cable & Wireless). The 400 million people in Eastern Europe represent an equally tantalizing prospect. Until recently, many of them had been waiting up to a decade to have a telephone installed, with antiquated equipment and poor service. AT&T estimated the market potential at \$300 billion back in 1991, and many installations are leapfrogging directly into mobile technology and cellular-based systems.

A boost to mobile growth in Europe was provided by the development of GSM (Global System for Mobile), a common European mobile telephone standard created by the European Telecommunications Standards Institute. GSM uses digital rather than analogue radio technology.

Operators in over 80 countries have accepted GSM standards, and by 1994 GSM networks were operational in 18 countries, with over 2.5 million customers.

Miguel Pellon, regional director of government relations for Motorola in Europe, describes a legal standard like GSM as "a Swiss Army knife - it does everything, but people still like to use their own scissors, tweezers and other tools."

Computing capability

Another important trend is "convergence," the blurring of distinctions between phones with computing capability and computers with telecom features. An example of the former is Simon, a project of IBM/Bell South, which accesses information and sends faxes. The latter is exemplified by Newton, Apple's Personal Digital Assistant, a mobile computer with a wireless modem. Ericsson's Mr. Bengtsson notes that his company's success is based on marrying "the societal background and communications expertise of the telecommunications industry with the efficiency and processing capabilities of the computer world."

Ericsson and its competitors, such as Motorola and AT&T, have adopted the strategy of forging alliances with computer hardware and software companies to meet customer needs. The result is a proliferation of wireless services for both the business and home markets, but prices have still not dropped to levels that make them readily accessible to mass market consumers or developing nations. The World Bank and other global financial institutions consider telecom networks such as these vital for economic development. Commercially, telecommunications is not just a business; it is also a catalyst for stimulating business.

C.F.

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TELECOMMUNICATIONS AND DEVELOPMENT

PARTNERSHIPS: A WAY TO SHARE THE RISK

The size of the telecommunications industry has forced an increase in alliances.

Forming international partnerships can be both risky and rewarding, as Alcatel discovered in China. "Signing the initial joint venture agreement required an act of faith," admits Bert De Graeve, former general manager of Shanghai Bell Telephone Equipment Manufacturing Company. Twelve years later, however, China's burgeoning telecommunications business has transformed the \$80.5 million gamble that was China's first telecom manufacturing company into Alcatel's largest switching plant in the world.

With annual sales now running at \$600 million, Shanghai Bell is currently spearheading Alcatel's drive to win a \$1 billion share of China's telecom business by 2001. "We knew there was the potential for exponential growth, but no one could have predicted it would be so explosive," says Mr. De Graeve, who headed the company between 1991 and 1994.

High-tech showcase Meanwhile, Hong Kong is becoming a high-tech showcase as increasing numbers

of the industry's key players set up shop and wait for China to come to them. Driven by the twin motors of local deregulation and global competition, investment is also flowing out. First Pacific of Hong Kong, for example, is a prime mover in a consortium that proposes to build a \$130 million telecommunications backbone in the Philippines. Other members include Japan's NTT and the Singapore Telecom International joint venture Globe Telecom.

The Philippines switching network is significantly smaller than those of its Southeast Asian neighbors, so deregulation is a relatively simple way of generating additional revenues through immediate expansion. The problem is infinitely more complex in India, where the government's latest five-year plan has targeted an installed base of 20 million lines and triggered the most complex ever series of bids by potential telecom partners.

With 900 million inhabitants and only 8 million telephone lines, India's current market potential rivals that of China. Only a quarter of

the nation's 600,000 villages have a public telephone, and its city dwellers are little better off — there are 3 million names on the waiting list, and it is growing by 20 percent per year.

Rival operators — including British Telecom, Singapore Telecom, AT&T, NTT, France Telecom and Australia's Telstra — were initially required to find local industrial partners before they could bid for the business. But by dividing the subcontinent into 20 regions (or "circles") for open tender, the Indian Department of Telecommunications has spread the rewards as well as the risk.

New markets

The telecoms business already generates more profits than any other European industrial sector, and there is rarely a shortage of potential investors for large-scale telecom projects. With deregulation due by January 1998, Europe's cash-rich operators are looking for new ways to win world market share.

Eastern Europe, where both Hungary and the Czech Republic have put up their former state monopolies for

sale, is a particular focus of interest. Ameritech and Deutsche Telekom topped the first round of bidding with a \$1.05 billion offer for 27 percent of the Czech Republic's SPT Telecom; in 1993 the same alliance picked up 30 percent of the Hungarian Matav for \$875 million.

In February, the South African government declared its intention to sell part of the state-owned Telkom utility to help fund the network's modernization. Within weeks, Bell Atlantic, Alcatel CIT, Philips, Matra Marconi Space and Teleglobe International had announced plans for their African Global alliance. The Anglo-American New Africa Consortium soon followed, with Southwestern Bell and Cable & Wireless partnered by Corporate Africa, one of South Africa's largest black-controlled businesses, proposing a four-year plan.

Elsewhere, business alliances are the order of the day — with Concert bringing together British Telecom, MCI, Norwegian Telecom, Tele Danmark and Telecom Finland; Atlas



Shanghai Bell: the gamble that is paying off for Alcatel.

aiming to link Deutsche Telekom, France Telecom and Sprint; Unisource involving Swedish, Dutch, Swiss and Spanish operators with AT&T; and the World Partners initiative linking AT&T with Singapore Telecom, Telstra, Telecom New Zealand, KDD and NTT from Japan.

But the contest between these heavyweight contenders still has a long way to go. Sometime after 1998, today's alliances will need to confront the risk, reward and reality of tomorrow's global telephone company. Steven Bartlett

TECHNOLOGY TRANSFER AIMS TO BRIDGE DEVELOPMENT GAP

Two dilemmas: the proprietary use of software and restrictions on information.

Since 1947, when the United Nations was born, the International Telecommunications Union has been the UN agency responsible for working with developing nations to help facilitate the transfer of technology and information. Every developing nation in the world is an ITU member.

In Campinas, Brazil, for example, the ITU's expertise on software, equipment choice and purchasing resulted in a huge new telecommunication center. Also, the ITU sent Brazilians to study in other, similar development centers. The project, which began in 1974, did not end until 1987. The technology in Campinas included everything concerning telecommunications — laser fiber optics, the architecture of a telephone exchange building, integrated circuits, software and all of the satellite communications.

"Whatever is within the term 'technology' was applied there," according to Domenico Stagliano, the ITU's chief of development policy in its Telecommunications Development Bureau.

The ITU facilitates the transfer of technology by funding studies and by helping to buy and transport the actual equipment — the hardware and software that provide the infrastructure of a nation's telecommunications systems.

Human resources

Currently, the ITU has projects in several developing countries, from restructuring one country's existing system to computerizing another's audio spectrum. The absence of qualified, skilled personnel to staff technologically sophisticated systems is often a bigger roadblock to a telecommunications policy in developing countries than poverty. The ITU helps these countries develop their human resources, management, organization and training.

Much of the policy of technology transfer in developing nations has resulted from the World Telecom Conference held in March 1994 in Buenos Aires, where a coherent plan of action was worked out to replace ad hoc decisions. The conference hammered out the logistics of how the whole international community could work together to bridge the gap between nations in the telecommunications sector.

The resulting Buenos Aires Action Plan gave the ITU its guidelines on the global information infrastructure. "In order to bridge the gap," Mr. Stagliano says, "there must be a policy decision. Then you have such programs as rural development, maritime com-

munication, human resource development and network planning. All kinds of priorities were expressed by developing countries at that conference."

Potential markets

Private-sector manufacturers of hardware and software are vitally interested in the transfer of telecommunications technology because the developing nations are their potential markets.

"Developing countries do not have a pre-existing infrastructure," Mr. Stagliano points out. This can be an advantage as it allows these countries to leapfrog from simple to modern technology without undergoing the painful and expensive restructuring that has plagued Europe and North America.

"Any telephone switch is the same technology as those in Switzerland or Sweden," Mr. Stagliano says. Manufacturers do not normally place restrictions on the use of their hardware, but they do have reservations about the proprietary use of their software, and this is not a minor issue: Telephone exchanges are 80 percent software and 20 percent silicon.

Developing nations may lack the resources to manufacture telephone equipment, but they can easily duplicate the software and resell it. "Manufacturers are not worried about selling telephone switches," Mr. Stagliano says, "but the software that comes with the switch."

Virtual university

The transfer of information in cyberspace presents a policy dilemma to countries that do not have the same openness as Western democracies. The ITU does not address questions of the global information industry, but developing governments are seeing restrictions falling away as access becomes easier.

The new republics carved out of the old Soviet Union have seen the most activity recently in such technology importation. There, the problem is not encouraging the technology but reining it in. Mr. Stagliano explains: "The market forces are so strong, preceding any regulatory order. Our intervention there is to convince them, firstly, to set the rules for the market, and secondly, to open the market. Until now, that region has been like the Gold Rush in the Wild West, a chaotic marketplace."

Mr. Stagliano concludes: "The rules should precede development in any country."

Steve Weinstein

DOING GOOD CAN ALSO BE GOOD BUSINESS

An estimated 4 billion people live without access to the most basic telephone service. They are WorldTel's natural constituency.

WorldTel, a specialized UN agency, is in the business of promoting privately funded telecommunications projects on behalf of the world's poorest subscribers. By applying two basic criteria — a penetration level of telephonic services of less than 1 percent or a telephone waiting list of longer than five-years — it has identified

88 countries and regions as potential beneficiaries.

Banks and other investment institutions place 3 percent or less of their portfolios in development projects. As a result, the investment shortfall is estimated to be \$30 billion annually.

To spread the risk of project finance, WorldTel advocates setting up partnerships with governments, banks, operators and other key players wherever necessary. Joint ventures, they argue, make possible the additional

option of build-operate-transfer or build-own-operate concessions.

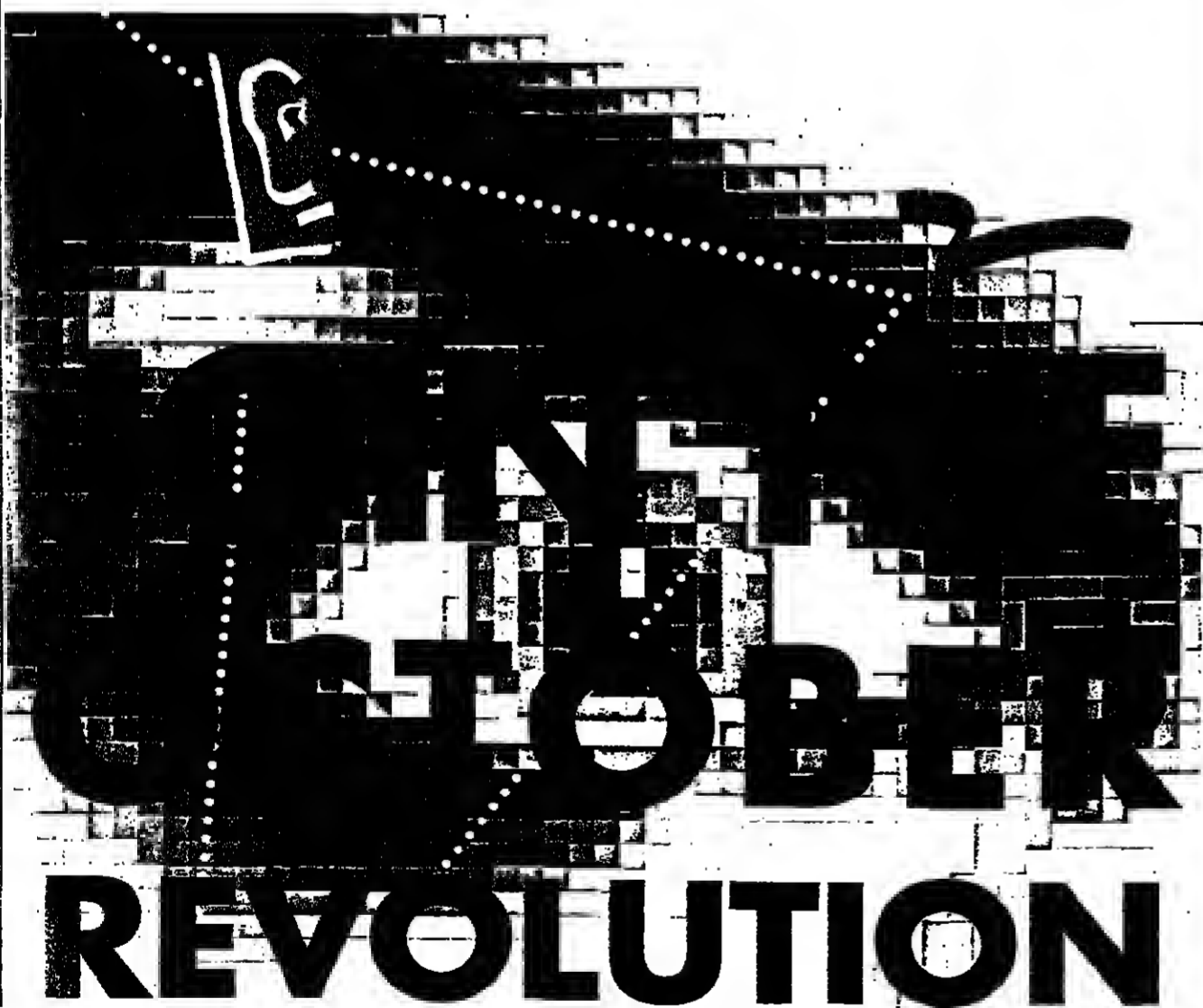
"It is a win-win situation," said ITU secretary-general Pekka Johannes Tarjanne, announcing WorldTel's interim Board in New York last February. "We are launching a radically new approach for telecoms development that leapfrogs over current constraints to trigger economic growth."

Investors will be examining the degree of political risk, immediate economic

potential and readiness for reform. Clients will be debating the relevance of international revenues, convertible currency and revised tariff structures. WorldTel will be able to tread the fine line between these sometimes conflicting interests because, collectively, its clients represent a considerable prize for the international equipment-makers.

Major international operators are buying into a market where demand exceeds supply; they stand to gain control of lucrative services for sale to subscribers at home as well as strategic stretches of the information superhighway. And according to a study by the McKinsey company, rural telecommunications projects can generate a 20-25 percent return on investment, even in countries with a per capita GDP of less than \$300.

"We are saying that doing good can also be good business," argues Terrell Ras-Work, WorldTel's interim executive officer. S.B.



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